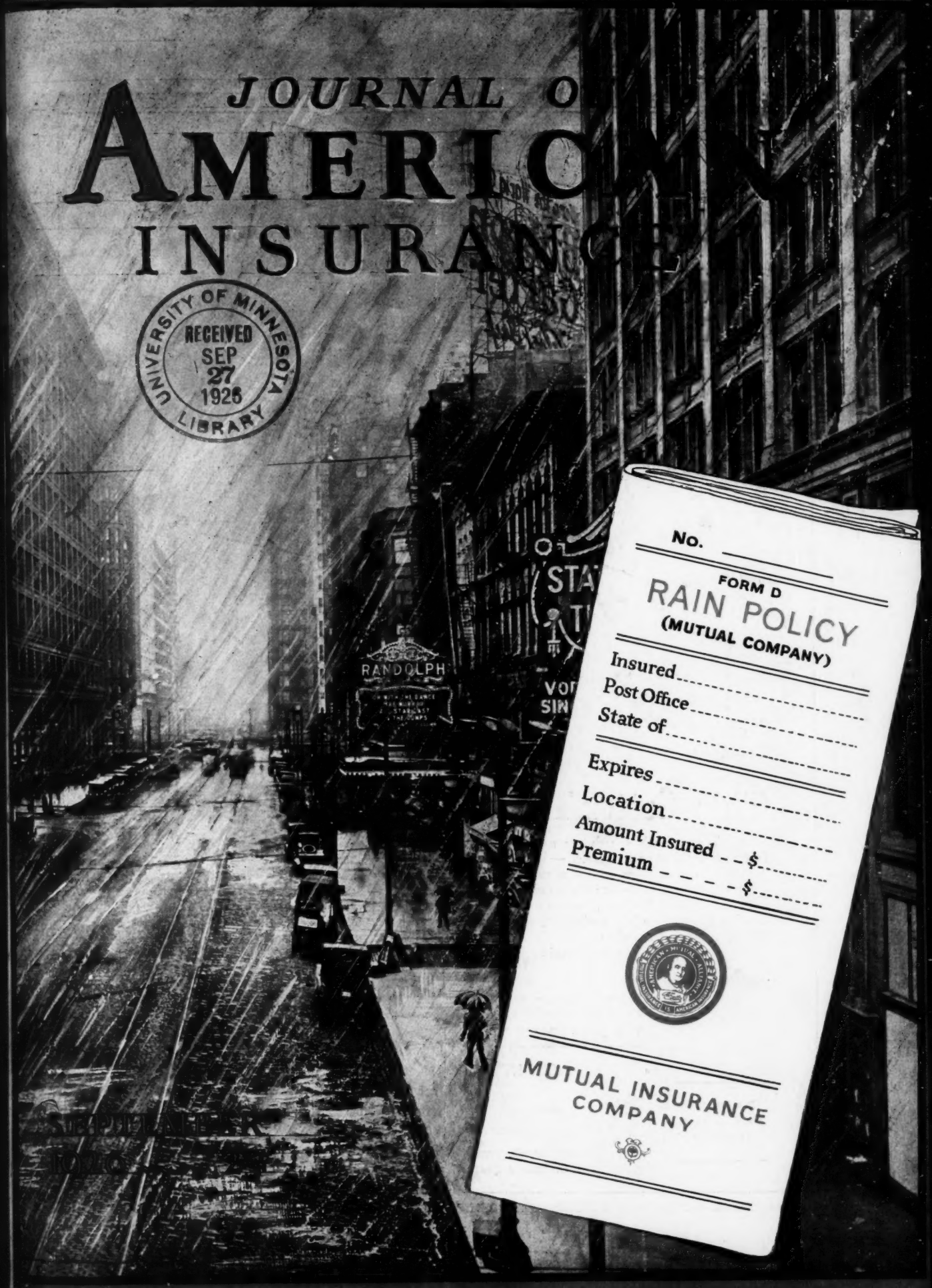
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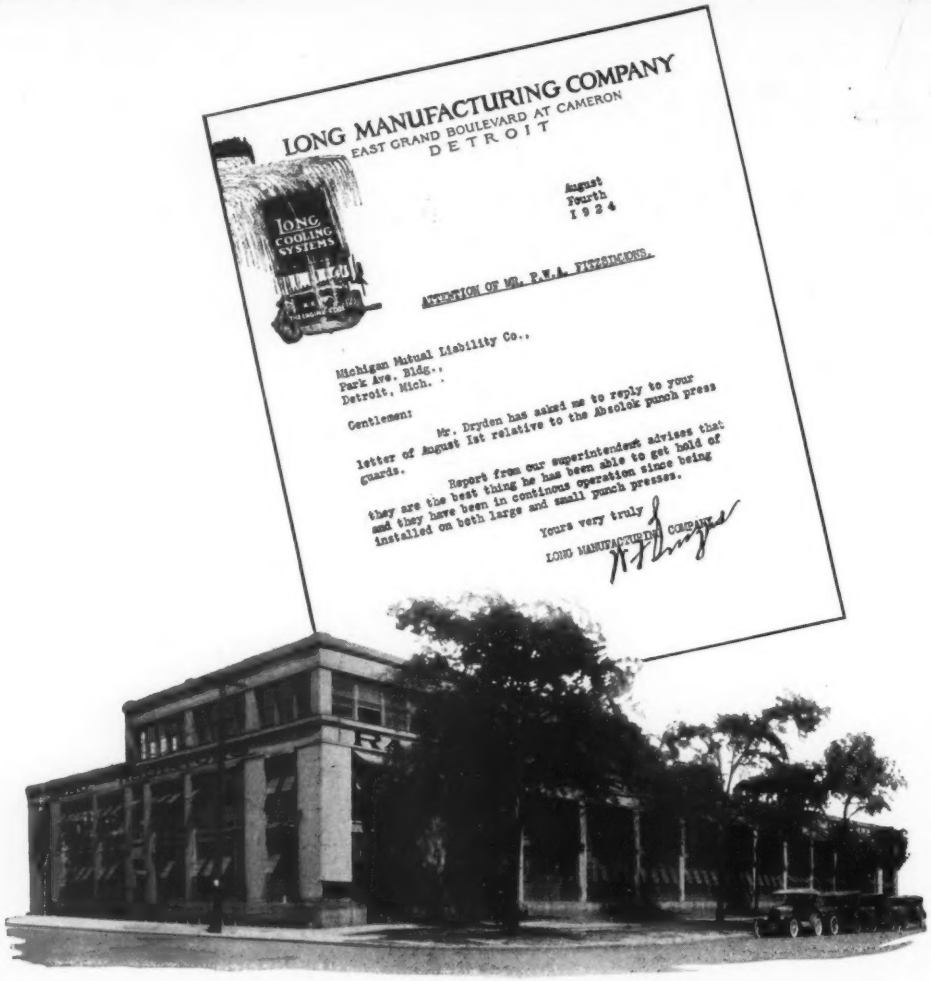
LONG MANUFACTURING COMPANY
EAST GRAND BOULEVARD AT CAMERON
DETROIT
LONG COOLING SYSTEMS
August
Fourth
1924
ATTENTION OF MR. P.W.A. FITZSIMONS.
Michigan Mutual Liability Co.,
Park Ave. Bldg.,
Detroit, Mich.
Gentlemen:
Mr. Dryden has asked me to reply to your letter of August 1st relative to the Absolok punch press guards.
Report from our superintendent advises that they are the best thing he has been able to get hold of and they have been in continous operation since being installed on both large and small punch presses.
Yours very truly
LONG MANUFACTURING COMPANY

This Letter Tells Only Part of The Story

These punch guards are not only "recommended" by the Michigan Mutual—they are manufactured, installed and inspected — by the Michigan Mutual Liability Co. of Detroit.

This is only one service in our scientific crusade against accidents.

Our practical Safety Engineers analyze conditions, point out hazards and their remedies.

YOU reap the benefits—not only because every accident prevented, means a saving of time, production speed, materials, equipment, and labor turnover—but also because your insurance policy in the Michigan Mutual is dividend paying. All savings come back to you in dividends.

Every policy is non-assessable.

MICHIGAN MUTUAL LIABILITY COMPANY

CASUALTY INSURANCE

Workman's Compensation Insurance

Dependable Automobile Insurance

President

General Necessities Building, Detroit

Ask for Information on Preferred Policy of Complete Protection for Man and Motor

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The simple Barrel and Bucket is an integral part of the "Mill Mutual" system. While recognizing the merits of other fire extinguishing devices and giving proper credit therefor, the Barrel and Bucket still holds down the first line of defense in all "Mill Mutual" risks. Its effectiveness has been so well proven that the man who will not maintain his Barrel and Bucket equipment in first-class shape is not looked upon as a good "Mill Mutual" policyholder.

More than FIFTY MILLION DOLLARS has been saved to the policyholders of the "Mill Mutuals" over what they would have paid in non-mutual companies The Barrel and Bucket has been responsible for a large share of it.

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Mill Owners Mutual Fire Insurance Co.....Des Moines, Iowa
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Michigan Millers Mutual Fire Insurance Co.....Lansing Mich.
Western Millers Mutual Fire Insurance Co.....Kansas City, Mo.
Ohio Millers Mutual Fire Insurance Co.....Columbus, Ohio
Pennsylvania Millers Mutual Fire Ins. Co.....Wilkes-Barre, Pa.
Millers Mutual Fire Insurance Co.....Harrisburg, Pa.
Millers Mutual Fire Insurance Co.....Fort Worth, Texas
Grain Dealers National Mutual Fire Ins. Co.....Indianapolis, Ind.

Mutual Fire Prevention Bureau
230 E. Ohio Street
Chicago, Illinois
(Operated by the Mill Mutuals)

The "Mill Mutuals" write good risks of any class.
If you are interested in REDUCING your insurance cost address any of the companies listed above.

For Peace of Mind

CENTRAL MANUFACTURERS' MUTUAL INSURANCE CO.
OF VAN WERT

INDIANA LUMBERMEN'S MUTUAL INSURANCE COMPANY
OF INDIANAPOLIS

LUMBER MUTUAL FIRE INSURANCE COMPANY
OF BOSTON

LUMBERMEN'S MUTUAL INSURANCE COMPANY
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NORTHWESTERN MUTUAL FIRE ASSOCIATION
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Gale & Stone, Boston.

Justin Peters, Philadelphia.

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Lumber Insurance Agency, Indianapolis.

The Martin General Agency, Seattle, Denver, San Francisco.

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HAROLD P. JANISCH - - - - - - - - Editor and Bus. Mgr.
S. J. DUNCAN-CLARK - - - - - - - - - Contributing Editor

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AT This Spring Abraham Lincoln Drank After the Vigorous Toil of Railsplitting in the Adjacent Woods. The Place Has Become a Hallowed Spot and Is Near to Louisville, Ky., Where the Conventions of the National Association and the Federation Will Be Held from October 11th to 14th.

The Rainfall Hazard

Fundamental Factors Which Have to Do with This Weather Risk and Their Practical Application to Underwriting

By COL. JOHN P. FINLEY

Consulting Meteorologist and Manager National Storm Insurance Bureau

IT IS generally conceded that the changes of the weather affect all forms of human endeavor and to a degree more or less seriously, involving losses that affect business, directly or indirectly, to its disadvantage.

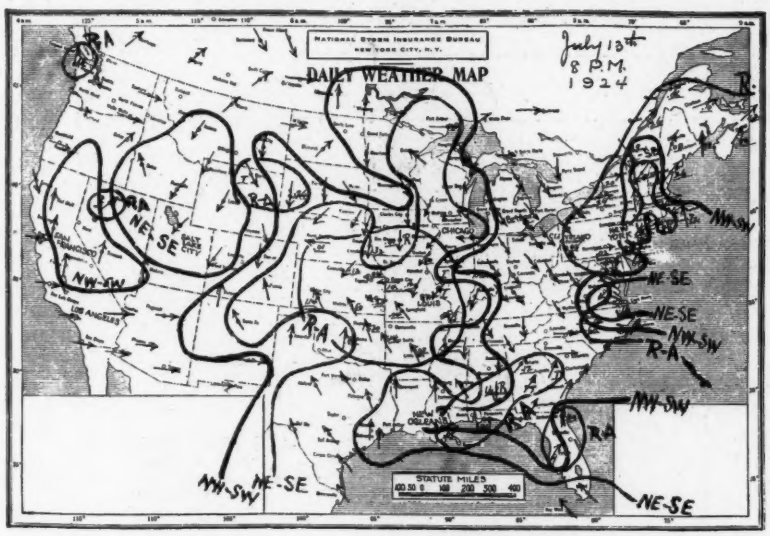
It is the function of legitimate insurance to protect the insured against such losses, notwithstanding the absence of a moral hazard or the presence of the influence of physical laws, which may be interpreted as carrying the probability of what is popularly expressed as "the act of God."

Next to being governed by what we eat and drink, comes the overwhelming presence and ascendency of the weather. For our bodily welfare we should watch and weigh what we convey to our stomachs in order to preserve and prolong life. For our business welfare and success we should likewise consider the inevitable weather changes that surround us daily and secure

protection against loss, through an agency authorized and capable of bearing the risk.

There are various forms of weather insurance, dependent upon the character of the atmospheric element or meteor involved, such as Tornado, Hail, Windstorm, Hurricane, Flood, Frost, Sleet and the like, and the subject of our discussion, viz.—Rain Insurance.

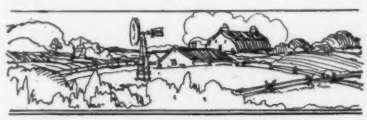
THE rainfall hazard is a legitimate insurable risk, first because it intimately affects many human affairs; second, its occurrence and recurrence are susceptible of scientific analysis; third, its distribution may be cartographically represented; fourth, its variability may be determined; fifth, the spread of an individual risk may be ascertained; sixth, the degree of precipitation may be instrumentally measured with accuracy; seventh, the degree of probable occurrence for any locality may be determined; eighth, the rate of fall in any particular storm may be obtained; ninth, the local influences affecting distribution and measurement may be ascertained; tenth, the relation of liability to loss experience may be determined and expressed mathematically, and in a form applicable to the requirements of practical rating.



Typical Chart Showing Distribution of Rainfall and Wind in the Area of United States and Canada. Observations Taken at 8:00 P. M., Meridian Time. See Page 26 for Explanation.

Rainfall is one of the forms of atmospheric precipitation, the others being known as dew, fog, mist, snow, hail, sleet, frost and clouds. There are other forms of precipitation, depending upon local conditions, described as wet fog, Scotch mist, fog drip, cloudless rain, mist ice, ice fog, cloudless snow, rime, graupel or soft hail, beschlag or sweat, hoarfrost and glaze. Precipitation is therefore visible and effective in either liquid or solid form, both of which forms cause economic loss which can be ascertained and measured for the application of the principles of underwriting.

THE source of precipitation is aqueous vapor, always present in the air, varying in amount from a fraction of one per cent, for the arid regions, to five per cent of the weight of the air for the warm humid regions. It is slightly in excess of one-half as dense as atmospheric air. Aqueous vapor has a wonderful capacity for the absorption of heat and therefore a most important factor in the discussion of the problems of meteorology and climatology. It occupies space nearly the same as though



the other atmospheric gases of nitrogen, oxygen and carbon dioxide were not present, practically the same amount being necessary to saturate a given space, whether it be a vacuum, or whether it be filled with air, provided the temperature in both cases be the same. With each increase of thermometric gradient of 18 to 20 degrees, the capacity of space, or air, for water vapor is doubled.

On a cold day in winter it may form no more than the one-thousandth part of the air, but on a hot day in summer it may constitute as much as the one-twentieth part by weight of the lower air.

Being very sensitive to heat, aqueous vapor is very readily changed from a gas to a liquid, and from a liquid to a solid, and the reverse, within a small part of the total range of the thermometric scale. If the air be near the saturation point it requires but a slight lowering of the temperature to precipitate a part of its water vapor, in one or more of the forms above indicated. A gas such as hydrogen or oxygen has been defined as a fluid above its critical temperature; and the critical temperature of a fluid is that above which it cannot be liquefied by any pressure.

Water vapor may be precipitated as frost or snow without passing through the liquid state, and ice and snow may change directly from the solid to the gaseous form.

Rain Insurance Is Steadily Gaining in Popularity, and in Fact Has Become a Standard Feature of Business Practice in Many Lines of Industry Dependent on Good Weather

WHEN the air has taken up all the moisture, in the form of water vapor, it can contain, at a given temperature, it is considered as being saturated. After saturation is reached no further accumulation can occur, no matter how freely the air may have access to moisture, or what the temperature may be, unless there be an increase in the temperature; and there can be no lowering of the temperature without a corresponding decrease in the amount of water vapor, or vapor density (mass of vapor per unit volume) and a return of some water to the liquid state, even though evaporation continues, which is the case under all conditions of temperature and of vapor density.

This situation is due to the fact that condensation is just as continuous as is evaporation, and that under certain definite conditions of temperature and of vapor density, or temperature and vapor pressure, these two processes balance each other. Saturation seldom occurs in free air, even over the ocean, except during the prevalence of a dense fog, or inside of a cloud from which rain or snow is falling, or within the thin stratum of air, that by contact with a cold surface has had its temperature lowered to the point of precipitation.

Even during heavy downpours of rain, the air near the earth is usually capable of evaporating some of the rain that is falling through it. In fact, light precipitation may be entirely taken up by the lower air and never reach the earth.

The dew-point is the temperature of saturation and the relative humidity is expressed in percentages of the amount necessary to saturate. At a temperature of 32 degrees Fahrenheit, air resting over a moist surface may continue to increase the amount of its vapor of water until it contains 2.11 grains per cubic foot, which amount is sufficient to exert a pressure in all directions equal to the downward pressure of 0.18 inch of mercury; it will then be saturated and its relative humidity will be 100 per cent. In this connection it is important to bear in mind that the pressure of 0.18 indicates the maximum pressure of water vapor at 32 F., and that any further evaporation must be accompanied by an equal amount of condensation. On the other hand, if this same air be suddenly raised in temperature 19 F., above what it was at 32 F., the 2.11 grains will only be equal to one-half of the number necessary to saturate, and the relative humidity will be reduced accordingly to 50 per cent.

But this latter condition would only exist for an instant, for at the new temperature of 51 F., the air is not saturated until its water vapor exerts a pressure equal to 0.37 inch of mercury, when it will contain 4.22 grains per cubic foot. A gain in the moisture content, therefore, begins anew as soon as the temperature has been increased, and may continue until saturation is reached at the higher temperature. At 70 F., the vapor pressure of saturation is 0.73 inch, or about double what it is at 50 F., and the amount of water vapor necessary to saturate is 7.98 grains, which is also about twice the amount required at 50 F. At 90 F., the vapor tension that corresponds to saturation is 1.41 inch, and the greatest amount of water vapor that can be held in the air at that temperature is 14.79 grains per cubic foot.

THE relative humidity of the air increases during the night, as the result of falling temperature, al-

(*Continued on Page* 25)

Looking Forward to Louisville Convention

Gathering of National Association and Federation To Be Held in Kentucky City October 11th to 14th

PLEASANT memories of the 1925 Convention of the National Association and the Federation add zest to anticipations of the gathering of representatives of these two bodies in Louisville, Ky., on October 11th, 12th, 13th, and 14th.

It is announced that some of the best qualified men in the line of Mutual Insurance will address the various meetings. Indeed, the program both for business and pleasure foretells a very busy and profitable four days.

THOSE who are familiar with conventions know the value of mingling with other men of the same mind regarding Mutual Insurance, and discussing the many problems which will be presented. Points brought out in convention talks are often the inspiration for introducing better methods and more efficiency into the management of insurance offices and thereby building up a larger business.

Practically all the celebrities of the Mutual world will be there and the opportunity of rubbing elbows with men who know the game from A to Z is something not to be overlooked.

But of course the convention is not exclusively for commercial profit. Good fellowship has a large part in the proceedings.

The four local mutual fire insurance companies are making arrangements for entertaining this convention, namely, the Washington Mutual Fire Insurance Association, Louisville German Mutual Fire Insurance Association, Falls City Mutual Fire Insurance Company, and the American Mutual Fire Insurance Company, of Jefferson County.

Hotel Seelbach, Louisville, Ky.

LOUISVILLE'S local committee in charge of the undertaking is composed of the directors, and their ladies, of these companies. Col. F. Joseph Herrmann, president of the Louisville Hotel Company, is chairman of the committee; G. W. Frank, secretary of the Washington Mutual, is secretary; Wm. Mehler, secretary of the Falls City Mutual, is chairman of the general entertaining committee; Jacob Nill, director of the Louisville German Mutual, is chairman of the ladies' entertaining committee, and has as assistant Mrs. J. Wm. Selke.

All official and general sessions will be held at the Seelbach Hotel, located at Fourth Avenue and Walnut Street, which has been selected as general headquarters. (*Continued on Page* 28)

Water Hazard at Cherokee Park Links

Echo River in the Famous Mammoth Cave

How To Make Them Think

Being the First of a Series of Articles on the Principles of Salesmanship

By CHARLES HENRY MACKINTOSH

Sales Promotion Counsel—Past President of the Associated Advertising Clubs of the World, International Direct Mail Advertising Association, and the Association of Sales and Advertising Councillors

A FEW LEADERS have always done all the heavy thinking for the masses, but until the commencement of our own era of popular education and popular printing, the leaders made no attempt to lay their thoughts before the masses. They laid the *product* of their thoughts before them instead, in the form of edicts, commands, ordinances, and orders, and simply said "Do this and thus or it will be the worse for you!" No explanations were necessary because the masses didn't need to *understand*—they had only to *obey*.

The growth of the democratic idea under the fertilizing influences of free schools and a free press has choked that comfortable tyranny almost out of existence; and the masses now demand *reasons* instead of *orders*, asserting their right to a free choice based upon thinking things through for themselves.

This is genuine progress, for minds grow as muscles grow, only through *exercise;* and in the course of half a dozen centuries or so, the new freedom to think about anything and everything doubtless will breed brains all the way down to the dregs of society.

Meanwhile, the masses possess the *right* to think, but not much of the *power* to do so.

Thinking is the hardest work in the world, which is the reason why people do as little as possible of it; and SALESMANSHIP is the hardest form of thinking, because its purpose is to MAKE others THINK.

Somewhere Behind Every Achievement Is a Thinker

NOW, let us understand each other clearly as to what is meant here by "salesmanship," because the process truly covers a field wider by far than the word ordinarily describes. Salesmanship usually is taken to imply the effecting of an agreement for the transfer of tangible merchandise, or of personal service, in exchange for cash or other valuable consideration; but precisely the same principles which enable a salesman to effect a transaction of that nature will enable a teacher to "sell" her educational facts to her students; a lecturer to "sell" his message to his audience; a preacher to "sell" his gospel; a writer to "sell" his story to his readers; an employer to "sell" to his employes full consideration for his or their mutual interests. Indeed, there is no social situation, in which mind acts upon mind, where the principles of sound salesmanship are not needed. Even the wealthy social leader must constantly "sell" her personality and her social powers to her set, or be superseded by a better "saleswoman"!

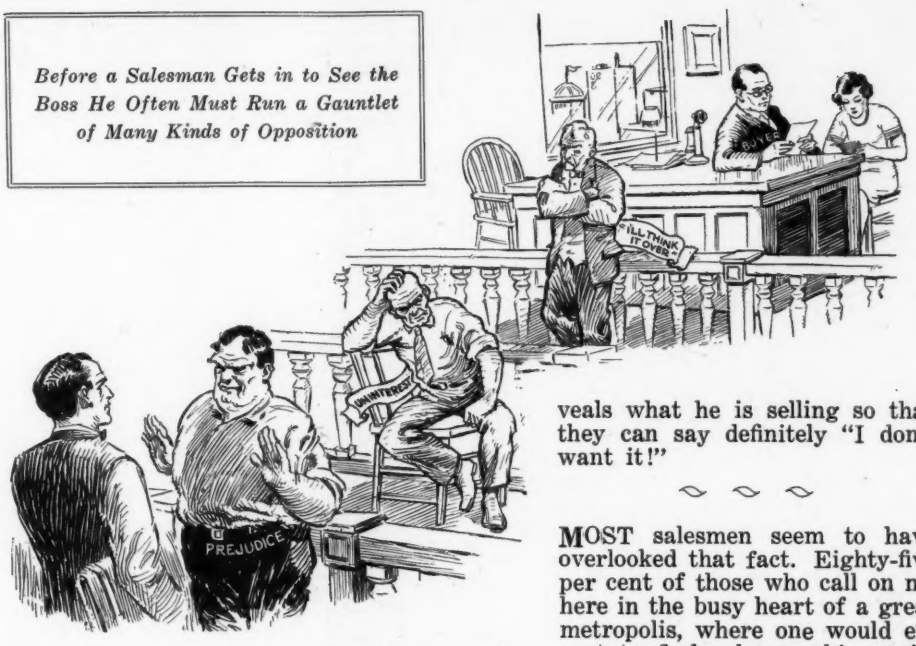
Salesmanship is simply leading others to think as we would have them think, and to ACT in harmony with the thought. Whoever can do that will be a LEADER today; but it is many times more difficult than was leadership under the old order, where nothing more was needed than to compel ACTION.

To lead people to think is to require of them that they shall undertake the most difficult and the most exhausting work in the world:—all their habits oppose us; their habits of superficial

The Problem of the Salesman Is to Make All Sorts and Conditions of People Think His Way

"thinking" based upon acceptance of the one-sided views of others; their pet prejudices created by that loose method of "thinking," and sustained by their desperate desire to avoid re-thinking on anything which is already "settled" so far as they are concerned.

Very few people ever really think about anything, no matter how important it may be to them; they merely think that they think—a shadow of a shadow.



Before a Salesman Gets in to See the Boss He Often Must Run a Gauntlet of Many Kinds of Opposition

TO arrive at a real decision through the process of thinking demands that one shall have *all* the evidence and not merely on "both" sides of the subject, for it is striking evidence of superficial thinking that we are so ready to accept the thought that there are only two sides (negative and affirmative) to every subject. Why, even a sheet of paper has more than two sides, for it has also four edges; and every controversial question is more likely to have *six* sides than two! What's more, *agreement* on any controversial question is far more likely to take place on one of the edges than on the other fellow's "side" of the subject!

Enough on that subject, for the purpose of this article certainly is not to explain how to think, since its readers possess that power already, or they could not be interested in a study of how to make others think. We must *have* before we can give, and we must *know* before we *do;* but to have is not necessarily to give, and to know is not necessarily to do.

Perhaps that is why so many salesmen approach this tremendous task of making others think from the angle of greatest resistance:—that of requiring the prospect to do most of the new thinking for himself, which is precisely the one thing he definitely does not desire to do, particularly when he knows that the new thinking required of him is intended to lead to the expenditure of some of his money! People do not *like* to think, and they do not *want* to be sold anything. That's why most people build barriers against all who look as if they might be selling something. They don't want to be sold. They prefer to buy what they want without being bothered by salesmen. So, when a salesman approaches, the usual mental attitude is one of definite antagonism, restrained only by social courtesy, and only until the salesman reveals what he is selling so that they can say definitely "I don't want it!"

MOST salesmen seem to have overlooked that fact. Eighty-five per cent of those who call on me here in the busy heart of a great metropolis, where one would expect to find salesmanship at its best, begin by giving me exactly the right ammunition with which to fire them out! "How are you fixed for automobile insurance?" says one; giving me my ready-made answer, "All set, thanks—goodbye!" Another opens "Are you familiar with the Mutual plan of fire insurance?" Ah, he's selling fire insurance which I already have; and he wants to make me *think* about some *other* way of getting what I already have. To the elevators with him! Thus it is that so many salesmen are well satisfied if they can make five sales in a hundred calls.

They are breaking the first law of mind-moving, which is to look for the point of least resistance and start there instead of at any other point of greater resistance. People don't like to be *sold*—they prefer to *buy* what they *want*:—is that not sufficient to show a thinking salesman that his job is not to "make sales" but to make WANTS? People *buy* what they

For Every Individual There Is Some Definite Keynote of Interest—the Job Is to Find It

want! The true task of the salesman, then, is to make people want what he has to sell more than they want what it will cost.

HOW is he to set about that? Well, the key-thought throughout is that people accept most readily that which they *want*. They don't want to be *sold*, so the salesman won't begin by blurting out something which tells that and what he has come to sell. They don't want to *think*, so the salesman will do as much as possible of the thinking *for* them, and will present it to them in palatable but in pre-digested form. He will make them *want* to listen before he compels them to hear his main demonstration. He will make them *want* to understand before he fires his statistics at them. He will make them *want* to believe before he smothers their desks with testimonials and their minds with evidence. He will make them *want* to act before he puts a pen in their hands and points to the dotted line on the application form.

People *must* listen before they can understand; they must understand before they can believe; and they must believe before they will ACT. Those four steps, in that order, must be taken in every form of salesmanship and in every case: first, the prospect must be led to *listen*, or to read; second, he must be led to *understand;* third, he must be led to *believe;* and lastly, he must be led to *act*.

Note, particularly, the use of the verb LED. Salesmanship consists in *leading*, and not in driving, because pepole don't *like* to be driven, but they have had the habit of being *led* ever since infancy! It is the function of the salesman to continue to give them what they like until eventually he is able to give them something that they *want*, because he has led them along the lane of their own likings until they have arrived together at a clear want for what the salesman came in to sell.

ALL people have a sense of curiosity which is easily aroused and which they *like* to have satisfied when once it has been aroused. The salesman may tie his approach to that sense and to that liking with safe certainty that by so doing he will be creating the *want to listen* which is the first step in effective salesmanship. Instead of greeting the prospect with, "Are you familiar with the Mutual plan of fire (or life, or casualty, or automobile) insurance?" which question tends to destroy whatever curiostiy it may arouse by the resistance to talking to "a fire insurance salesman" which is latent in the average human breast, the salesman might sweep his eyes over the ceiling and say, "Ah, I see you don't carry any insurance against fire!" Following his glance, and wondering how his visitor arrived at that piece of what he thinks is misinformation, the prospect may, if inclined to be facetious, respond: "Well, you need a new pair of glasses, because, although I don't paste my policies on the ceiling, I am fully protected!" Even if his mind remains intensely serious, still his reply will amount to the same thing: "You are wrong, I *do* carry insurance against fire!"

Whatever he says, however, he is practically certain to invite the salesman to GRIP his attention with a suitable form of his planned response that there is *no* protection against fire, except constant carefulness coupled, perhaps, with quick-acting measures such as the non-existent sprinkler system for which his eye had searched the ceiling a second ago; although he will be swift to add that he hasn't come to talk about sprinkler systems. The prospect may ask what he *has* come to talk about, but whether he does or not, that is exactly what the salesman wants to tell him, and he wants his curiosity aroused to the point where he will really listen because he wants to know and not with the subconscious idea that as soon as he hears what it is he can say "I don't want it!"

Continuing to develop the main difference between the kind of fire insurance he has to sell and the kind his prospect probably has been in the habit of buying, the salesman may say: "It's curious how we all (identifying himself with the prospect to avoid giving offense) think and speak of 'fire insurance' when what we really mean is fire-*loss* insurance: isn't it? It's the same with all other forms of insurance. People take out 'accident insurance' or 'health insurance' and let it go at that, when the only real accident insurance is to stop, look, and listen; and the only real health insurance is to lead a regular life!"

The prospect may answer whatever he likes, even to saying "That's true enough, of course, but what are you driving at?" because the salesman intends to tell him now that he represents the *only* form of loss insurance which definitely tends to *reduce the risk* at the same time that it gives equal protection against loss as does any other form.

THE prospect's curiosity increases, and it is now definitely directed down the lane along which the salesman wishes him to walk; but still it will not be wise to yield to the common temptation to "get to the point" too quickly, because the point in the prospect's mind is still not the same as the point in the salesman's mind. The prospect now wants to have his curiosity satisfied, but if it is done at once with a simple statement that *mutual* insurance encourages its owners to cut their costs by increasing their carefulness, he is likely to slump back on the thought that he is being "sold" something, for he will have to do a lot of heavy thinking to work away from his present policies and see himself applying the mutual idea to *his* insurance affairs.

Knowing that prospect's don't *like* to think, even when their curiosity has been aroused; the salesman will proceed to do the thinking *himself*. He may remind the prospect that the *first* form of insurance in this country was on the same safe and sound basis which encouraged *carefulness* and tended to keep premiums *down*, rather than the reverse which is humanly true of "old line" insurance.

Benjamin Franklin's "Philadelphia Contributionship," as described in the May, 1925, number of this journal, may serve as his illustration; or he may dip deeper into the depths of time and bring back the merchant-mariners of ancient Rhodes, who had the first mutual insurance (against loss of shipping from storms and pirates), of which history holds any record. Either illustration may be made in a minute or two, with enough seconds to spare to drive home the moral that when men insure themselves and each other they are kindled to *carefulness* by the very nature of the act, and so hazards and actual losses are reduced rather than increased, and *premiums* also may be made smaller.

(Continued on Page 30)

Reducing Sea Travel Dangers

Hazards Incident to Fogs, Hidden Rocks, Icebergs and the Means by Which They Are Avoided

By TOM MARSHALL

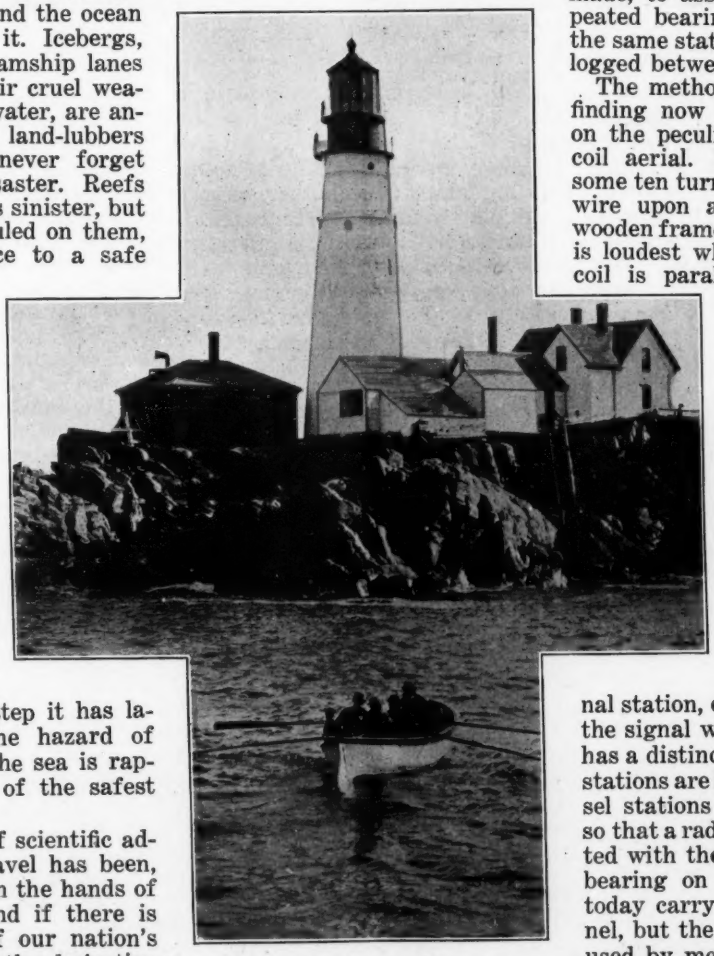
MEN who go down to the sea in ships live dangerous and uncertain lives. For the sea is a hard mistress, sometimes fickle, often malignant, seldom easy, always exacting. The unwary she eliminates with deadly traps; the wary she continually tests. Within the last seven years alone, she has laid down fog blankets which have caused the loss of more than $30,000,000 in ships and cargoes. The number of men drowned has never been exactly estimated.

Fog is one of the most deadly enemies of the sailor, for no matter what his skill, he cannot navigate when his ship and the ocean are shrouded within it. Icebergs, drifting through steamship lanes like ghosts, with their cruel weapons hidden by the water, are another danger which land-lubbers and seafarers will never forget after the Titanic disaster. Reefs and capes appear less sinister, but many ships have fouled on them, just at the entrance to a safe harbor.

BUT the terror which the ocean has traditionally inspired is rapidly fading into history. Science, which has conquered so many of nature's seemingly adamant obstacles, has quietly and persistently devoted its attention to the sea. Its achievements have not been spectacular. But piece by piece and step by step it has labored to reduce the hazard of ocean travel until the sea is rapidly becoming one of the safest of highways.

The application of scientific advances to ocean travel has been, for the most part, in the hands of the government, and if there is any one feature of our nation's work which calls forth admiration and respect, it is the work that has been performed in safeguarding the lives of ocean voyagers. The radio-compass, the ice-patrol and the electrifying of lighthouses are all developments of the past few years, but already they have aided in the rescue of hundreds. The work of the government, in this field at least, is noiseless and effective.

FOR a hundred years, an effort has been made to develop efficient fog signals, and large sums have been expended in equipping the coasts of the world with sound-producing signals. Though these signals are a great aid to navigation, yet they lack two important requisites—availability for taking an accurate bearing, and dependability at a reasonable distance under all weather conditions.

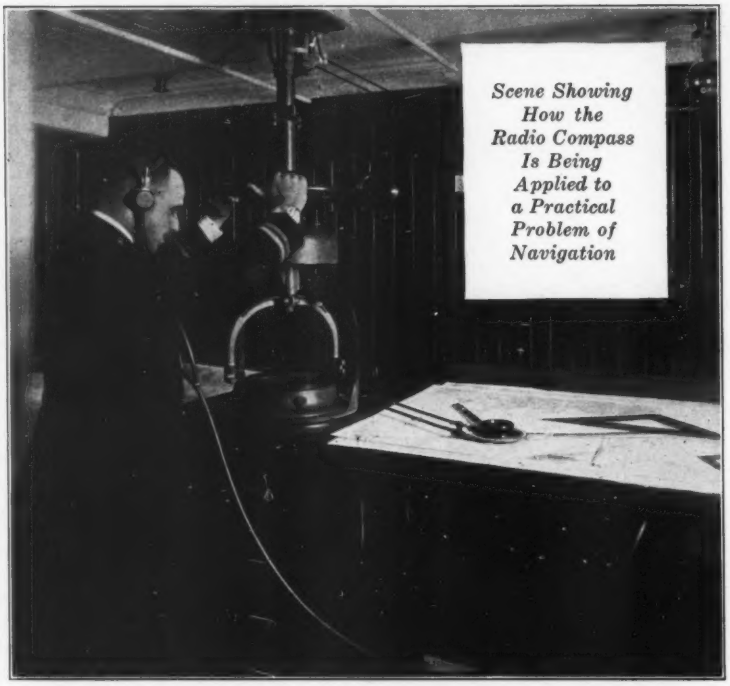


The Lighthouse Keeper Leads One of the Loneliest but Most Useful of Lives

The radio-compass, however, which has passed the experimental stage and is now being used successfully to safeguard life and property on hundreds of the larger oceanic vessels has not these disadvantages. A boat equipped with a radio compass can take its bearings from known communication stations, as well as from other vessels which are using their wireless transmitters. Cross bearings from two or more stations can also be made, to assure accuracy, or repeated bearings can be made on the same station with the distance logged between bearings.

The method of radio direction-finding now being used is based on the peculiar properties of the coil aerial. The coil consists of some ten turns of insulated copper wire upon a four-foot rotatable wooden frame. The signal received is loudest when the plane of the coil is parallel to the direction from which the signal is being sent. When the plane of the coil is at right angles, the minimum of sound is heard. This minimum may be determined with sufficient accuracy for navigational purposes. After the radio bearing has been taken, the operator reads his compass, and determines the location of the signal station, or the ship from which the signal was sent. Each station has a distinctive signal, and all the stations are located at light or vessel stations shown on the charts, so that a radio bearing can be plotted with the same ease as a sight bearing on a light. Many ships today carry a large radio personnel, but the radio-compass can be used by men who are in no wise familiar with other radio apparatus.

ALTHOUGH some ship collisions, with loss of life, have occurred within the past few years, their number has undoubtedly been diminished by the use of the radio-compass. From the Pacific Coast comes the story of the S. S. Everett steaming through a thick fog, sending frequent signals to discover if any vessel was in her path. Soon a message came from the H. F. Alexander, also equipped with a radio-compass, and it was found that this boat was dead ahead and on the same course. The vessels hauled off slightly, and passed the other close by, in safety.



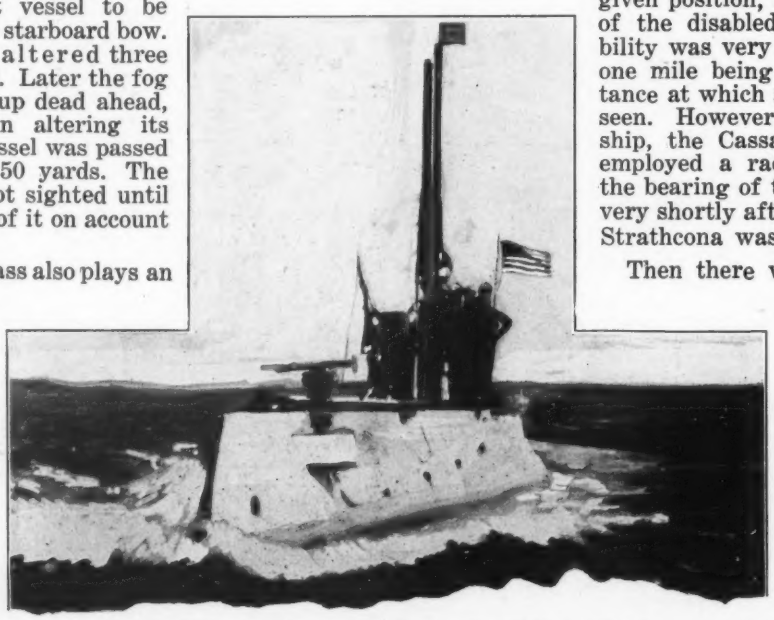
Scene Showing How the Radio Compass Is Being Applied to a Practical Problem of Navigation

A Comparatively New Invention Is the Radio-Compass—Its Use Has Done Much to Reduce the Dangers of Accidents at Sea

The Coast Guard cutter, Seneca, whose ice patrol work will be discussed later, reported of the radio-compass as follows:

"In November, 1922, this vessel, while approaching the entrance to New York Harbor in the early morning in a thick fog, obtained a radio bearing with the ship's radiocompass from Ambrose Channel Light Vessel, the bearing showing the light vessel to be three points on the starboard bow. The course was altered three points to starboard. Later the fog signal was picked up dead ahead, and without again altering its course the light vessel was passed at a distance of 150 yards. The light vessel was not sighted until within half a mile of it on account of the fog."

The radio-compass also plays an important part in saving the lives of passengers and crews of foundered ships. Unfortunately, many SOS calls give wrong positions; others may give the correct positions, but winds and fog frequently hide the sinking ship, or the life boats, and so cause a loss of human life. During the past winter, newspapers have frequently carried accounts of foundering ships, with other vessels hurrying to their assistance. Happily, few lives were lost, and many brave rescues were consummated because the disabled ships were easily located and the rescuers could stand by awaiting a favorable opportunity. But to comb the sea for a sinking vessel is well nigh hopeless; it is far more difficult and impossible than the traditional hunt for the needle in the haystack.



Uncle Sam's Navy Keeps a Close Eye on the Nation's Lighthouses

MANY instances of rescue work in which the radio-compass has aided have been reported. The following cases are taken as typical: There was the Norwegian steamer, Onataneda, disabled, with engines broken down and with a list of 50°, drifting helplessly off Newfoundland. The SOS call incorrectly reported the ship's position. Several vessels went to the Onataneda's assistance, but the only one to find her was the Fanad Head, equipped with a radio direction finder.

Another case of an SOS call giving an erroneous position occurred when the British steamer, Lord Strathcona, lost her propeller in a heavy sea. The S. S. W. M. Burton, assigned to go to her assistance, arrived at the given position, but found no sign of the disabled boat. The visibility was very poor at the time, one mile being the farthest distance at which an object could be seen. However, another British ship, the Cassandra, which had employed a radio-compass, gave the bearing of the two ships, and very shortly afterwards, the Lord Strathcona was sighted.

Then there was the rescue of the crew of the freighter Guilia by the President Wilson about 600 miles east of Boston. Captain Ettore Zar sent this description of the rescue:

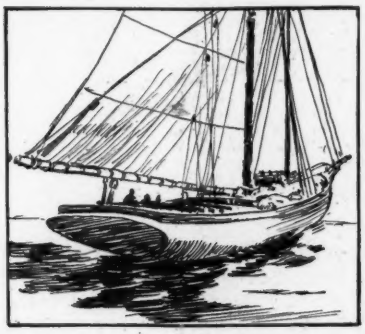
"Located Guilia with assistance of radio-compass at 11 A.M., Wednesday, March 21,

in sinking condition after SOS call was picked up at 5 A.M., Tuesday; distance 370 miles. Full steam ahead. Weather very rough and high seas until 3 P.M., Wednesday. Saved in first attempt only one man, while in second and third attempts, we saved twenty-three."

Messages sent by rescue ships are generally very brief, but in spite of their few words, they tell eloquent messages which thrill their readers. There is no need to describe the mountainous seas and the men huddled helplessly on the deck of the sinking boats. All that is hidden beneath the few prosaic lines.

The story of how a sick seaman was transferred to the large Italian passenger ship, Conte Rosso, which found the freighter in spite of a heavy fog by her radio-compass, was also told without any flourishes of language. When the Eastern King was 1700 miles west of Ushant on January 10, 1923, one of her seamen who had been suffering for several days from serious internal injuries, took a turn for the worse, and had to have the attention of skilled doctors, if he was to have a chance to live. The Eastern King broadcast a call which was answered by the Conte Rosso, 300 miles to the eastward. The sick seaman was transferred in a life boat and placed under the care of two doctors. I believe that while this article is being written, that the seaman is again voyaging across the Atlantic.

So the radio-compass helps to save lives and property at sea. But proverbially, an ounce of prevention is worth a pound of cure, and therefore, the work of the United States government in maintaining an ice patrol must also be considered important in safeguarding the men who go down to the sea in ships. The Titanic disaster, which took 1,517 lives when an iceberg ripped a huge hole in the side of the liner on her maiden trip, is still fresh in our minds. Icebergs, drifting uncharted in steamer lanes are a menace which may well frighten the bravest seafarers. Carried along by the currents, with their sharp crags jutting



out under the water, bergs become animate monsters of the deep, as dangerous as any the sailors imagined in the days when the earth was supposed to be flat, with a falling off place at the end.

ACCORDING to the conditions of the International Convention for the Safety of Life at Sea, signed at London, January 20, 1924, the United States was to organize the International Ice Observation and Ice Patrol Service in the North Atlantic. Because of disturbances caused by the Great War, the ice patrol service did not go on duty until 1922, when the coast guard cutter, Seneca, was ordered to proceed to the Grand Banks of Newfoundland and locate the ice fields and positions of the icebergs. The United States government pays about 18 per cent of the cost of the patrol, the other nations interested paying the balance.

The chief purpose of the patrol is to ascertain the locations and progressive movement of the limiting lines of the regions in which icebergs and other ice fields exist in the vicinity of the Grand Banks of Newfoundland, then to warn and guide navigators. Together with this primary duty, the ice patrol makes meteorological and oceanographical observations.

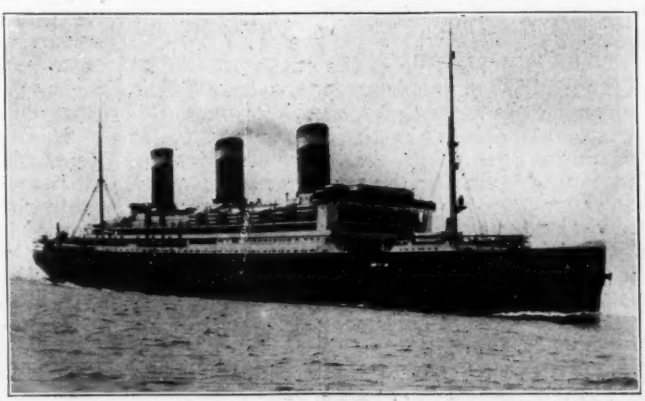
Three of the Coast Guard cutters were assigned to ice patrol work, one always being on duty, while the others refueled at Halifax, Nova Scotia, their base. The Seneca sailed from New York on February 8, 1922, and the Modoc and Tampa were to continue the patrol until the ice no longer constituted a danger to navigation in the steamship lanes. Although the ice season generally lasts from April to June, the cutters stayed on duty through July, when they made their last observations. The Modoc and Tampa cruised for fifteen-day periods in the ice fields before being relieved, this time being exclusive of the voyages to and from the bases.

Besides keeping in daily touch with the Hydrographic Office in New York City, the cutters broadcast ice conditions at stated periods to all vessels in the vicinity. The Canadian government was also sent complete reports. To facilitate the work being done by our patrol, the Canadian government discontinued their own ice patrol service, since it was feared that the double patrol might lead to the misinterpretation of the information distributed.

OUR cutters on ice patrol duty have been called upon by vessels to save human life in other ways than through iceberg warnings. Read a page from the report of Lieut. Commander B. M. Chiswell, on his second ice patrol cruise on the Modoc, beginning June 14th and lasting through the 30th, 1922.

"June 15—The steamship Marinlea was furnished special ice information. A radio message was received from the steamship Western Plains reporting that an engineer officer on that vessel had been ill since the 14th inst., with high temperature, slight pain in left groin, general feeling of nausea, and other symptoms, and asking advice from our medical officer. This was given promptly.

(*Continued on Page* 29)



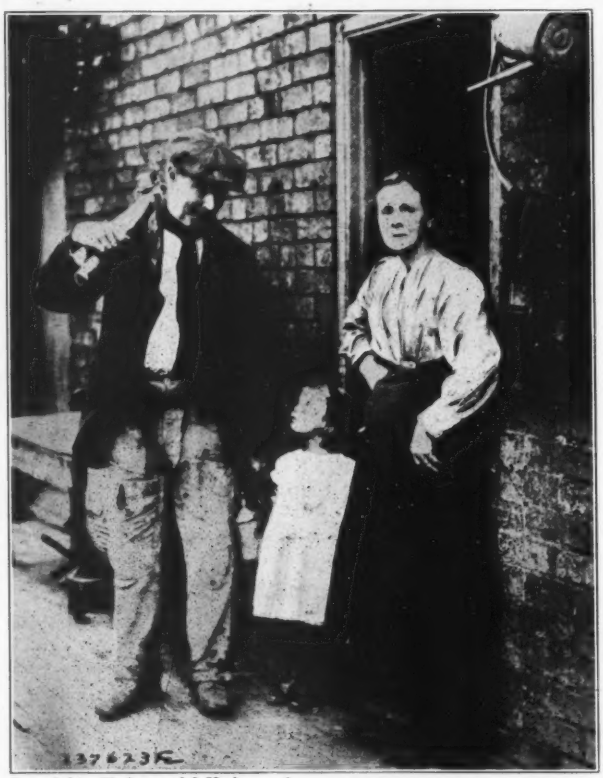
Modern Marine Travel Would Be Almost Impossible Without the New Means of Safeguarding Ocean Lanes

Insurance Conditions In England

Workmen's Compensation: Limitation of Profits

By RICHARD MORRIS

THE industrial depression in England has not interfered in the slightest degree with the overflowing prosperity of the British Stock Companies. The financial results of their operations during 1925 were the best in the whole history of British Proprietary Insurance. The profits constituted a record, the dividends on their stock, in some cases, amounting to nearly a hundred per cent. The advertising of these lavish profits is not encouraged, even in official quarters because, it is whispered, they are mainly derived from the business of the British Stock Companies in America and are, therefore, not an undue tax on our own public. There may be some truth in this statement. We have no means of testing its accuracy.



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Typical Scene at Home of British Laborer

But a little cloud, as large as a man's hand, has been seen arising out of the sea, creating a feeling of uneasiness. The following extract from the speech of the Chairman of one of the leading Stock Companies at its recent annual meeting shows the nature of the disquieting element:

"We are now feeling the full effect of the arrangement made by the Accident Offices Association with the Home Office in regard to Workmen's Compensation. The result of this arrangement is to put a severe restriction on the percentage of profit which can now be made out of workmen's compensation business."

The purport of this article is to explain what this arrangement is and how it came about.

State Insurance Unanimously Condemned

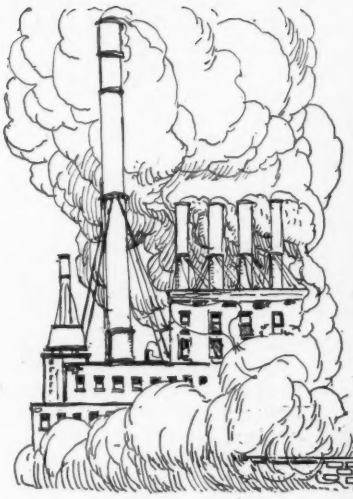
Shortly after the Great War there prevailed in this country for a brief period, and I am sorry to say only for a brief period, a moral force working for a reconstruction of affairs on the lines of public equity, cutting across old political boundaries, sweeping aside vested interests and monopolies where they were shown to be hostile to the commonweal. In this inspiring atmosphere a Departmental Committee was appointed by the Government to inquire into the working of the system for the payment of compensation to workmen for injuries sustained in the course of employment and to consider and report whether it would be desirable to establish a system of accident assurance under the control or supervision of the State. The idea that a workman injured in his employment should be entitled to compensation irrespective of any question of negligence was revolutionary in 1897 when it was advocated in the House of Commons by the late Mr. Joseph Chamberlain. It was novel when our 1906 Act was passed, but by the time the Departmental Committee started its investigations, it had achieved world-wide acceptance. There was, therefore, a suggestion that there should be one scheme of Insurance dealing with the workman in all cases of sickness whether due to accident or any other cause. There was a certain attractiveness which led the Committee to consider the possibility of working a State Scheme of Sickness and Accident. The Committee, which consisted of Liberals, Conservatives and Socialists, were unanimous in their condemnation of any such Scheme. They examined 108 witnesses (one from America) and held sixty sittings.

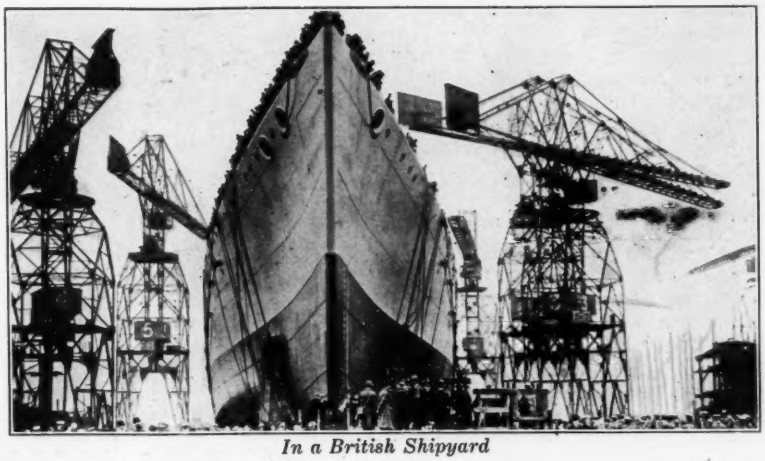
Stock Companies' Methods Declared Wasteful

Workmen's Compensation in this country imposes a burden on employers of $40,000,000 a year in respect of 15,000,000 workers. The insurance business to cover the risk is undertaken by sixty-five Stock Companies who, of course, do a considerable volume of the business, but the majority of employers in several of the most important industries cover their risk through the means of Mutual Indemnity Associations of which there are fifty paying something like $10,000,000 a year in compensation.

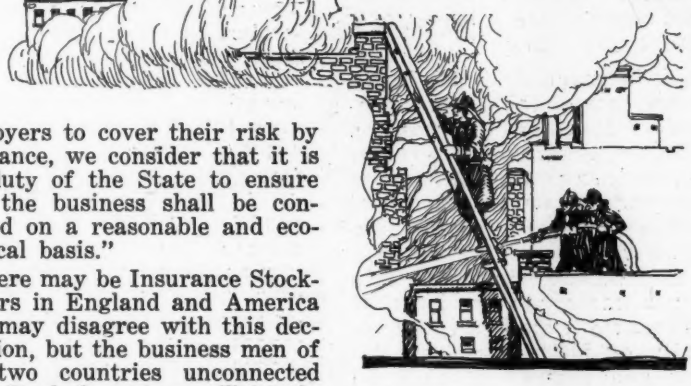
In these circumstances it is not surprising that the Committee declared that—

"Where a liability created by Parliament makes it imperative for the outstanding majority of





In a British Shipyard



employers to cover their risk by insurance, we consider that it is the duty of the State to ensure that the business shall be conducted on a reasonable and economical basis."

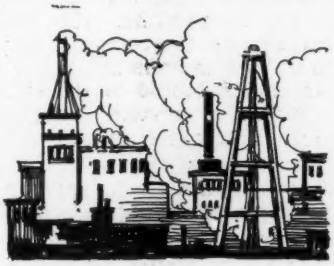
There may be Insurance Stockholders in England and America who may disagree with this declaration, but the business men of the two countries unconnected with Stock Insurance will surely give it their firm approval.

The Committee in its report quoted figures that demonstrated beyond doubt that the Stock Companies were making huge profits out of the business. Out of every dollar paid by the employer less than half went in benefits to the workman whilst the balance went in expenses and profits. The Committee declared—

"IN OUR VIEW THIS IS WASTEFUL AND UNSATISFACTORY."

A stranger to the business might easily imagine, for the conditions are substantially the same today, that Workmen's Compensation was a device for the special benefit of the Stock Companies and their agents. The Committee were amazed at the administrative extravagance and the attitude of the Stock Companies and they seemed resolved on reformative measures. The Stock Companies became agitated. as well they might, and expressed their readiness to enter into any reasonable arrangement with the Government for the limitation of their profits and the reduction of their expenses. After prolonged and careful consideration of all the circumstances the Committee arrived at the conclusion that the management expenses, payments for commission and profits of the Companies, should not exceed 30 per cent of the premium income. This proportion would leave 70 per cent of the premium income for a provision of benefits to workmen or their dependents under the Act, an arrangement that was regarded as more economical than anything that existed in Stock Company operations in any part of the world. This recommendation was approved by the Stock Companies' representative on the Committee. Briefly, the proposal was as follows:

(1) At least 70 per cent of the premium income shall be expended in benefits to injured workmen or their dependents.



(2) The remaining 30 per cent of the premium income shall be available for the management expenses and profits of the Companies and the payment of commission to agents, the latter not to exceed 5 per cent of the premium income instead of the 15 per cent as then existed.

The authority to exercise control of the rates of premium and the general supervision of the Stock Companies and the Mutual Associations was to be in the hands of an Insurance Commissioner to act under one of the State Departments so that a Minister could be responsible to Parliament for his acts.

Reasons Why British Industries Favor Mutual Insurance

With regard to the Mutual Associations the Committee stated that the chief reason for bringing them into being was because it was considered the most economical method of insurance "AND THE EVIDENCE BEFORE US CERTAINLY LED TO THAT CONCLUSION." Representatives of the great Industries of the country gave evidence, but I have only space to quote one or two.

The Federation of the Master Cotton Spinners Association of Lancashire stated that—

"the cost of insurance throughout the Cotton Trade Mutual was very much less than it would be if the members were insured in a Stock Company. Until the Federation formed its Accident Department the insurance was placed with a Stock Company, but this method of dealing with the matter was

unsatisfactory and extremely expensive.

There are many factors which, in mutual insurance in the cotton trade, contribute towards keeping down the cost of administering the Act.

(1) The standing expenses are low.

(2) The officials are experts on matters relating to the trade. They keep a close eye upon the fencing of machinery and other matters which tend to reduce accidents.

(3) The employers co-operate by keeping in touch with outstanding cases, by minimizing risks and by finding employment for injured persons. It is to the advantage of employers in mutual assurance to assist their Association in every way, their interests being identical.

(4) Most of the work people are in trade unions dealing with the Cotton Trade alone and a good feeling has always existed which leads to a friendly administration of the Act without much litigation. In other trades the same good results are obtained."

If the Federation of Cotton Spinners had placed its risk with the Stock Companies during a period of twelve years it would have paid just on $2,000,000 more than it actually cost them.

The Bradford and District Manufacturers Federation and the Woolen and Worsted Trades Federation stated that—

"the premiums charged by the Stock Companies were altogether out of proportion to the risks. The Stock Companies charged a rate of seven shillings and six pence in the worsted and eight shillings and six pence in the woolen whilst the claims paid amounted to one shilling and three pence. In their own mutual company there had not been a single case of litigation and their work people had been treated in a manner that one does not experience nor expect in a Stock Company."

Hazards of Mining Are Many

This journal could be filled with the evidence of the shrewd commercial leaders of Lancashire, Yorkshire, Staffordshire and other industrial areas, all testifying to the supreme advantage of Mutual Insurance in meeting the requirement of Workmen's Compensation not only because it effects a substantial economy in premiums but also because it establishes a community of interest between insurer and insured, a merit on which they placed a high value.

The Durham and Northumberland Coal Owners Mutual Protection Associations, represented before the Committee by the Chairman of one of the large Colliery Companies, stated that as a matter of trade policy they preferred insurance by Mutual Trade Associations to insurance by Stock Companies carrying on business for profit, not only on the ground of economy but because there was less irritation and friction caused by the operations of Mutual Insurance than there was by the operations of outside profit-earning companies. They condemned State insurance on the same ground,—its rigidity of method militated against that spirit of friendliness produced by Mutual Insurance.

Even the Board of Trade, an important Government Department, sent a representative to give evidence before the Committee. He stated that—

"considerations of self-interest probably led to better measures being adopted in the Works for protection of employees. Mutual Insurance Societies also saved the heavy expenses incidental to the procuration of new business and the settlement of claims."

Arrangement for Limitation of Profits

After all that, what happened? After an impartial Committee of public men of all shades of political opinion declared that the methods of the Stock Companies' business relative to Workmen's Compensation were "wasteful and unsatisfactory," what happened? After the Stock Companies' own watchdog on the Committee was compelled by force of evidence to sign a statement that their methods were wasteful and consequently an undue charge on the business public, what happened? The report was shelved, or pigeonholed, an official process probably not unknown even in America. This is where the powerful directorate of the Stock Companies with its galaxy of ex-political job holders can render a service. This is where they can pay their footing. In due course a general election ensued. The National Government came to an end and we fell back to the rut of party politics. In 1923 the Workmen's Compensation Act was amend-

Loading Peat, a Fuel Much Used in Place of More Expensive Coal

(*Continued on Page* 31)

Fire Prevention Week

Big Campaign To Fight Red Demon Extends From October 3rd to 9th

FIRE PREVENTION WEEK, which is rapidly becoming one of the best known of the periods set apart for national civic education, has been assigned October 3rd to 9th for its 1926 activities.

Since launching this campaign some astonishing results have been obtained.

FOR example, the per capita fire loss in Indianapolis in 1922 was $9.67, and in 1923 it was $14.37. In 1924 a fire prevention campaign was launched by the Indianapolis Chamber of Commerce, with the result that the per capita loss during that year was reduced to $3.38. In 1925 continued effort held the figure down to $3.47. The improvement of the fire safety of Indianapolis earned for that city enviable recognition in the 1925 Fire Waste Contest conducted by the Chamber of Commerce of the United States.

The average per capita fire loss in Battle Creek for the two years 1922 and 1923 was $5.39. Fire prevention activities in 1924 reduced this figure to $3.13, a saving of over $90,000. During 1925 the per capita loss was lowered to 91 cents, a result so splendid as to earn Battle Creek first place among cities of its class in the 1925 Fire Waste Contest.

Duluth, with a population of 110,000 and an average weekly fire loss in excess of $8,000, has so well directed its Fire Prevention Week activities as to be able to report for two consecutive years "no fires" during that week.

EVEN more effort is to be put forth this year to bring the fire loss totals down to considerably smaller figures. Fire Prevention Week is a week of education—a time when it is sought to focus the attention of every man, woman, and child on the dangers lurking in fires. Further than that, it is the starting point of a concerted plan of campaign to arouse the people of America to a continuous interest in this menace which caused a property loss of $570,000,000 and fatalities of over 14,000 in 1925.

Herbert Hoover recently referred to the fire loss from a new angle when he declared that "Fire losses are in effect a tax on every individual state. This is one case where the 'taxpayers,' entirely by their own efforts, can reduce the rate. I hope we shall have no slackers in this campaign."

EVERYTHING costs more because people are careless—matches and cigarette and cigar stubs alone put a burden of more than $30,000,000 loss on the public last year, thoughtless handling of electricity and electrical appliances burned up $14,500,000 worth of wealth—the fire loss in general is $1,084 a minute, and four people are burned to death daily.

It is high time that the nation puts its head to the business of avoiding fires. Those who may be interested in promoting fire prevention in their communities can obtain valuable assistance from the National Fire Prevention Association, 40 Central Street, Boston, Mass.

Massachusetts Ruling

IN REPLY to an inquiry concerning the cancellation of a fire policy and return of the premium, Hon. H. J. Taylor, Massachusetts Insurance Department Counsel, said:

August 14, 1926.

You have asked our opinion as to the right of the holder of a fire policy to cancel it and to receive the return premium under certain conditions. The facts in the case may be stated as follows:

The policy insures A and is payable to B, as mortgagee. The mortgage deed from A to B, as in the statutory form, provides for foreclosure by sale and allows B to purchase at any such sale. It contains an irrevocable power enabling B as A's attorney to assign to the purchaser at such sale any policies of insurance on the mortgaged property. B forecloses and purchases the property and assigns to himself the policy to which assignment the company consents. B then cancels the policy and demands the return premium. The premium is paid by A.

It is well settled that the assignment of a fire policy to a purchaser of the insured property, consented to by the company, effects a novation which substitutes the assignee as the insured in the place of the original insured, the assignor, and gives birth to a new contract between the company and the assignee upon the terms of the previous contract between it and the assignor. Swaine vs. Teutonia Fire Insurance Company, 222 Massachusetts 108.

The assignee, therefore, has all the rights under the policy which the assignor had in like manner, as if a new policy was issued to the assignee as insured.

The assignment of the policy by B to himself as purchaser is effected by B as A's agent for that purpose and in legal contemplation is an assignment by A to B. After the foreclosure sale, and after the assignment of the policy to B as purchaser, with the consent of the company, the parties stand in precisely the same position as if A had sold the property to B and had assigned to him the policy with the company's consent. The assignment cuts off all of the assignor's right, interest or title to the policy and passes to the assignee the right to cancel and to collect the return premium and the foreclosure sale wipes out his insurable interest in the property. The fact that the present insured acquired title to the property through foreclosure, and holds the policy by reason of an assignment thereof made under a power of attorney in the mortgage does not alter the situation.

The effect of the power of attorney is to bar the right of the mortgagor to cancel or dispose of the policy or to collect the return premium thereunder after the mortgagee as his agent has assigned the policies to the purchaser at the foreclosure sale. Thus, after such assignment by the mortgagee, the mortgagor cannot make an effectual assignment of his right to cancel the policy and to receive a return premium to another party and he cannot therefore hold the company for any return premium. Parker vs. La Plant et al., Adv. Sheets (1926), 413.

The answer, therefore, to your inquiry is that B as the insured is entitled to cancel the policy and to receive the return premium thereon. The fact that A paid the premium is immaterial for his right to the return premium, as stated, has passed to B by the assignment to which the company has assented.

Practice Makes Perfect

A barber reported to work two hours late.

"What's the big idea?" demanded the boss.

"I'm sorry," replied the barber, "but while I was shaving I talked myself into a shampoo, haircut and massage."
—The Progressive Grocer.

Misunderstood

The Lady—"Is Sir Reginald Wotname staying here?"

Hotel Clerk—"Yes, first floor, suite one."

The Lady—"Sir!"

—London Opinion.

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Back to Work

WE HOPE every reader of the JOURNAL OF AMERICAN INSURANCE has had a vacation, and a good one—the sort that rests mind and nerves, and puts tone and steel spring temper into the will to live and work.

A promising season lies ahead for the spirit of enterprise. There are opportunities to be developed by diligence. Every encouragement exists to go back to the waiting job hopefully; to take up the tasks we dropped with zest and zeal.

AMERICA is prosperous. In comparison with other countries it is enjoying an abundance, and fertile in possibilities. A glance at Europe is enough to make us thankful that we live in the United States. Europe has yet to learn the lesson of mutual effort; of mutual helpfulness. If there existed among the states of this happy Union the suspicions and jealousies which exist among the nations of Europe, we would be facing a very different situation from that which invites our labor and evokes our confidence.

Europe looks enviously at America. It envies us, but it does not emulate our spirit. Instead of striving to abolish the causes of distrust and division which retard its own progress, it complains that we are becoming too prosperous. Where the mutual way is followed, the attainment of prosperity results inevitably. Europe thinks we are trying to make ourselves the economic masters of the world. Yet none of us is consciously seeking so responsible a destiny. We may become that, but it will not be through deliberate intent. It will be because we have attended to our business, stood by one another loyally, pulled together, while the rest of the world grouched and grumbled and pulled in conflicting directions.

THE season of prosperity is the time to think of security. The national application of this sound saying we will leave to those whose particular duty it is to consider and to define national policy, noting only that until such time as the world accepts the doctrine of mutual obligation and mutual aid, America's superiority must lie in its practice among her own people, by geographical sections and economic and political groups. It is in such practice that her strength was found in days gone by, and time and experience have discovered no better.

BUT it is clearly within our province to urge that the individual should heed this advice. Men are prone to become careless when things go well, or to be so busy in the making of wealth that they neglect to take the required steps to protect it. Nothing could be more foolish. The farmer who, in his eagerness to reap a record-breaking crop, ignores the fact that his barn is in need of repair, may find the toil of harvesting made fruitless by inadequate security.

When we suggest that as you resume your work you list among the matters for early consideration the question of insurance we are only proposing that you should exercise the foresight necessary to protect the increase of your toil from loss; in other words, that you should make certain that your labor shall not be labor in vain, whatever may befall. Surely the obvious common sense of this suggestion requires no argument.

AND when you consider insurance we further urge that you give careful thought to the advantages of mutual insurance, the form which embodies the spirit of American achievement, and which, through all the years since the days of Ben Franklin, has demonstrated its superior value for the policy-holder in cost and in security. Through the mutual system the strength of all becomes the strength of one, and the single purpose of those charged with its administration becomes that of enhancing the worth and measure of security which the policy-holder enjoys.

Conventions

THE strength of Mutual Insurance is never better demonstrated than at the conventions of the Association and the Federation which once a year bring together so many of the best known men in the Mutual field.

This fall the gathering at Briarcliff Manor, New York, and at Louisville, Kentucky, promise exceptional results. Advance reservations indicate a record attendance, and the program committees report the most gratifying success in securing the right speakers for the various discussions scheduled.

The best tonic for the stimulation of Mutual business is to mingle with those who are doing big things in the Mutual field. When one sees a convention hall filled with men who have been fighting a winning battle for the principles of Mutual insurance, there comes that sense of power which is always associated with the realization that a host of friends are with you, working along the same lines, and overcoming the same difficulties.

The Association and Federation speak not in terms of millions, but of billions, when the combined business of their member companies is totaled. Such huge figures mean much in the commercial world and constitute a bulwark of resources inspiring to all who think deeply concerning the advantages of Mutual Insurance.

For cementing old friendships and making new ones, no occasions can surpass a Mutual Convention. And, too, if you have a bit of pride in your prowess as a golfer, or pitcher of horseshoes, there are trophies aplenty to win.

Come on over and bring the family.

Life Lights on a Business Background

My Friend Blackwell's Vacation

By S. J. DUNCAN-CLARK

MY friend Blackwell had just returned from his vacation when I entered his office the other morning. His suit case stood by his desk, and against it a rather bulky, rectangular package, wrapped in old sacking and well corded. He was running through his mail with hands that were nearer the tint of his mahogany furniture than any flesh color which belongs to offices and city streets. The light which fell upon his face from the big window picked out areas of reddish tan, heightening them here and there by a fleck of sunshine to an orange glow. In spite of his surroundings he carried the outdoor atmosphere with him. The recreative vibrations seemed to emanate from his vigorous personality.

"WELL," said I, perching myself on a corner of his desk—a privilege I took and he tolerated —"tell me about the one that got away."

"Your assumption is unwarranted," he answered. "If you refer to the indolent pastime of tantalizing fish with a worm or a minnow you are on the wrong trail. What makes you think I have been fishing?"

I let a roving eye take in the details of the room. True, there was nothing that looked like a rod or a creel. And yet—

"Because," said I, "there is nothing in the world that could have given you the appearance of sun and wind and water, of the open spaces—nothing of which I know—but fishing."

"NEVERTHELESS you are wrong, Sherlock Holmes," he reiterated. "I know you pride yourself upon your powers of deduction, but this time you have jumped at a mistaken conclusion."

"Then what in the name of nymphs and dryads have you been doing?" I questioned.

"Painting," said he.

"But I didn't know you are an artist," I exclaimed in genuine surprise.

"Still a long way short of that," he laughed. "But the fact does not prevent me from trying to paint."

"You will have to show me," I retorted skeptically. "What can a hard-headed business man like you get out of trying to paint?"

"Fun," said he, "lots of it. Occupation for my mind which takes it millions of miles from this," his gesture indicating the pile of business mail on his desk. "Escape from the figuring of costs and specifications. Release for emotions which, in spite of the hard-headedness to which you have alluded with compliment, urban if not urbane, exist beneath the surface of my customary commercial make-up, and some valuable lessons to be applied to living and working during the next eleven months."

"BUT you never got that color on your hands and face in any stuffy studio, smelling of turpentine and paint," I challenged, still skeptical.

"Who said anything about stuffy studios?" he retorted. "My studio has been outdoors, with no glass tempering the skylight. It has been on slopes of wind-swept dunes, or under the shadows of hemlock and beach and oak. I have tramped and rowed. Though I have not fought with beasts at Ephesus, I have battled with mosquitoes and sharp-toothed sand flies. I have dared the chigger in his lair. And yonder, in that package is a little of what I have captured of beauty, and wonder. The rest, and the best, is stored in memory."

"Undo your package and display your wares," I demanded, "for I perceive that you are a peddler of dreams, and I had always supposed you were nothing more than a manufacturer of odorless garbage cans, and like useful household articles."

"NOT now," he answered, smiling, but with a look in his eyes that warned me I was treading with flippant feet upon sacred soil. "But you shall come to my diggings some night, and I will let you see what the package contains. You must not expect much, however. They are only a hard-headed business man's efforts to give his soul an airing."

The night came when he showed me what he had done with four weeks of vacation — a dozen or more canvases in which trees and sand and water and sky repeated themselves with varying theme and rhythm. Lovely things, I thought them. "Mere sketches," he called them. He smoked his pipe and talked about them. He talked about the fundamental importance of getting the right values, until that word "value," which for me had always meant dollars and cents, came to have a new and bigger significance, and I began to wonder what I knew about values in life. He talked of how necessary it was that all parts of a sketch should hold together, each contributing its share to what was the dominant theme or interest; each deriving from that theme its right to a place in the picture. Again I began to wonder what, if anything, was making a harmonious unity out of my life; and what things I had in it that could not be justified by its relation to a major interest. He said nothing of a moralizing nature. He had no idea of preaching, but when, along about the hour for the last train homeward, I rose to go, he asked, "Do you understand a little why this interests me?" And I answered "Yes. I can even see why you may be a better business man because of it."

"You are developing discernment," he laughed. "Do you know I sometimes think it may do more than that for me. I think it may make me a better man."

And, as I hurried down the street, with the rumble of the approaching train in my ears, I said to myself, "It has."

Peculiar Insurance Risks

Odd Coverages Asked for by Farseeing People Who Want to Be Safe No Matter What Happens

By J. PAUL ATWOOD

A MAN was to fight a duel at sunrise and he was afraid that he might get hurt. So he called his insurance man and asked for coverage against injury during the encounter d'honneur. Possibly the solicitor scratched his head, although this is not on record. At any rate, he was able to report to his client that the policy could be written.

A prospective father trembled lest the stork should be over generous and deposit a double portion of heirs on his doorstep. Assuredly the arrival of an heir would be a festive occasion, but when one is expected and two arrive, things are in a pretty fix, financially and otherwise. So the enterprising man also called upon his insurance advisor and took out a policy to insure against twins.

Every so often, unusual insurance policies are written. But few people in the know list twin insurance among the unusual any longer. It has become a very prosaic business. Dozens of families insure themselves every year against twins, the size of the premiums depending upon the number of twins on both sides of the family tree. The policy holders collect frequently and the child is brought up on insurance.

Occasionally, triplets come to bless the hearthstone of the family who has insured against twins. And then fate can laugh boisterously, because the twin policy is useless. So far, no one has been hopeless enough to take out a triplet insurance. But stranger policies than that are being written.

MANY people, and their number is constantly increasing, have learned how to eliminate worry. When in doubt they insure. American companies have been restrained from entering a field of unusual insurance by restrictive laws, and although these are gradually being modified, many a fat premium has been sent across the Atlantic. So far, English companies have written most of the freak policies and they have developed the slogan that they will insure anything. And there is a long and odd list of "insurables."

Duelists, twins, and other things animate and inanimate are not as terrific risks as might appear on first glance. Private individuals might spend several sleepless nights worrying about risks which insurance companies take without

Airplane Travel Is Becoming So Popular That Insurance Against Nose Dives and the Like Is Often Called for by Folks Who Are Squeamish About the Chances of Descending Intact

the quiver of an eyelash. For a policy is not issued until the risk has been figured out mathematically by some of the leading experts of the world, who understand the intricacies of the higher algebra, all the classes of geometry, solid, liquid and otherwise, calculus and several other things, to decide, for instance, whether Mr. Smith should get a policy to indemnify him in case the River Thames should freeze over so hard that people could cross on the ice, or whether Mr. Z—— should be covered by insurance in case he is arrested falsely. All these things, and more, can be discovered by the actuaries, and if they cannot decide how much a false arrest is worth to their company, or what are the chances of the Thames freezing, no policy is written.

MOST of us are familiar with life and accident insurances, and the issuance of a policy to protect automobiles from fire, theft, or other disasters is nothing to talk about. In fact, if there weren't a group of serious thinkers, who spent a good deal of their life trying to figure out how insurance companies could be persuaded to take over some of the risks which were worrying them, insurance solicitors would live a dull life indeed. But there are exciting policies.

Out in Hollywood, for example, is an animal farm on which a wide assortment of four-footed movie actors and actresses are domiciled. The animals are heavily insured, but a short time ago, when one of the best lions was signed up to act in a jungle scene,

And Now Comes the Very Cautious Man Who Has Provided Himself with a Policy Against the Hazard of Twins

his owner took out extra insurance to cover the animal against any harm that the human actors might do to it. This faith in a more or less household pet is certainly not equalled by the man who took out a policy to insure himself in case Fido, the family dog, should suddenly decide to take a nip at his master's pants. The dog had not yet made an attack of any sort or description, and while the policy was being written was romping with the neighbor's cat.

Perhaps more unusual policies hail from Hollywood than from any other vicinity. Although movie actors generally use doubles when danger is afoot or in the air, particular parts of their anatomy are so valuable that they are heavily covered. But the policies are seldom large enough to adequately remunerate an unfortunate star, and perhaps a good many policies serve chiefly as talismen.

Each one of the Charlie Chaplin feet are insured for $35,000, a small sum compared to the comedian's monthly salary check. And besides, there is the problem of what might happen if one of the Chaplin feet met with an accident, and what the other would do in such a case.

What the Chaplin feet mean to the popular Charlie, crossed eyes mean to another screen celebrity, who insured his eyes against the calamity of their ever uncrossing. Another star, this time a young lady, whose smile was her fortune, insured her teeth against damage.

But not all movie actors have crossed eyes, Charlie Chaplin feet,

On the Other Hand, Could the Customer Be Insured Against the Danger of Being Talked to Death?

nor insurable teeth. Many insure only their facial beauty.

MOVIE producers as a body certainly cannot compare their looks with those of their actors, but they find insurance a very satisfactory arrangement also. They are covered in case a star becomes ill and keeps a large company waiting and unable to proceed until she recovers sufficiently to appear before the cameras.

The first man to insure a particular portion of his anatomy was Ignace Jan Paderewski, piano virtuoso, and formerly president of Poland, who set a value of $5,000 on each of his fingers, including his thumbs. These same hands have made more than $1,000,000 for their owner since he retired from political life. Paderewski has collected on his insurance several times, once, it is said, because he broke one of his finger nails.

According to the records, the original Paderewski policy was drawn up by a youth of fifteen, who happened to be employed at the time in the offices of Messrs.

Protection Against Being Killed or Wounded in a Duel Has Also Been Taken Out by Belligerents

C. E. Heath & Co., Ltd., and it is still being used as the model for similar policies today.

Miss Jane Overton, a premiere danseuse, insured her lower extremities for $100,000. Another member of the dancing profession, Mademoiselle Mistinguette, valued her legs at $1,000,000. Neither lady has yet collected on the insurance.

But neither did the perfume expert who paid a premium of $400 before she left on a three months' business trip to southern Europe. The insurance read that if the expert's nose should get out of condition, and unable to tell the difference at a sniff between, let us say, lily and rose perfume, that she could collect for the time lost, and the loss incurred. When you consider that the perfume buyer planned to visit southern France, Italy and Egypt, the risk seems a little risky. But the lady finished her trip without so much as a cold in the head, and her nose was ready for work, every working day—and more.

A tea taster also took out insurance to cover himself in case

Charlie Chaplin's Feet Are, and Have Been, Insured for a Princely Sum. Other Actors and Actresses Have Insured Their Faces, Their Teeth, Their Legs, Their Hair, Their Fingers, and Their Eyes. Wine and Perfume Buyers Have Taken Out Policies to Guard Against the Loss of the Sense of Taste or Smell

some accident should occur which would incapacitate him for his job of tasting tea after tea to decide its quality and price.

People who bet on sporting events obviously should be ready to take a chance. But they aren't. Although Lloyd's of London discourage the business as a trifle unsuitable, they still insure bets. When Gertrude Ederle dived off the rocks at Gris Nez and started to crawl across the English Channel there were plenty of bets on record, and most of the odds were against her. But did all the men who had no faith in this young woman lose money by her victory? They did not. They were insured for their loss and few of them had to dig into their pockets to pay the winners.

Years ago, when Bleriot flew across the channel, the first man to accomplish this feat, bets were also insured and the winners could very well comment on the good losers.

But such noteworthy sporting attempts are not the only ones for which bets are insured. Many wagers made on horses are insured by people who always believe that it is better to stay on the safe side. Besides, the English bet considerable money on elections, and they like to assure themselves against loss by insurance policies. At a recent election, 60 guineas per cent was quoted to pay a loss in the event that the conservative party obtained a clear majority over all other parties combined. Twenty-five guin-

eas per cent was paid against a labor majority, while Parliamentary candidates paid varying rates to cover the loss of their deposits in the event of a failure to poll the required number of votes. In April, 1925, fifteen guineas per cent was quoted as the premium to insure against a reduction in the duty on Havana cigars.

THE worries of the world are reflected in the innumerable reasons given by applicants for the unusual insurance policy. A short time ago, when the Charleston first became popular, a Boston dance hall, probably never built for anything more strenuous than a waltz, collapsed under several hundred exponents of the Charleston. The accident set some people thinking, or rather worrying, about the possible collapses of their buildings. One man applied for a policy to cover himself in case his home should collapse. And he insisted that he be covered no matter what emergency might arise, although an investigation had proved that there was no chance of the house collapsing of its own free will! Finally, he subscribed to earthquake, explosion, and tornado insurance, and he could rest easy, for no matter why his house collapsed, and if it should burn after it fell, he could collect from the company who had written the policy.

Another policy provided that in case a ship *would not* blow up, that they could collect. It should be explained that the ship was to be blown up for a movie picture, and if it did not go up in smoke at the right moment, that the producer would suffer a loss of some thousands of dollars. Plans were perfected to the nth degree and the insurance company made all arrangements for the ship blowing up on schedule. It did—and everyone was happy.

A woman who owned a virgin coal mine wanted to make certain that nothing would happen to her property. She had read in the newspapers that there were subterranean fires raging in a number of mines, and although they were hundreds of miles away from her's she began to worry what would happen if a fire should break out. So she made an application for insurance to cover herself against any loss. A pretty safe risk for the insurance company, of course.

OFTEN the insurance companies get ticklers, and they have to know exactly the right technique or some of the policies could never be written. To think backwards for a minute; the policies carried by Paderewski and some of his confreres to protect particular parts of their anatomy are little more than the common type of life insurance. But when the owner of a private railroad car applied for a floater to cover the car no matter in what part of the country it happened to travel, the insurance companies were at a loss. They could not undertake the risk because it is a violation of the laws to write a country-wide floater. But there is hardly anything in the world today which cannot be insured, and it only remained for an enterprising insurance man to think that marine insurers could issue an entirely satisfactory policy for the railroad car.

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Marine insurers wrote another odd policy that gave some Chinamen a good deal of peace. It seems that six Chinamen had died, either through tong activities, or from natural causes. A group of their friends and relatives hesitated to lay them to rest in the new world, arguing that unless the bodies be buried in the celestial kingdom that no one, themselves included, would get any rest. Finally, it was decided to send the bodies across the continent and then over the Pacific to China. So all was well and good, and the Chinamen were faithfully adhering to the ways and traditions of their forefathers. But a few of the men who had given good American dollars for the occasion declared that they had no proof that the bodies would ever reach the correct port, and if they did not, everything, including their money, would be lost. Then up spoke a thoroughly Americanized Chinaman who suggested that the bodies be insured. So the six dead Chinamen were insured against the dangers of the sea, fire, collision, sinking and stranding.

Laws and other rules and regulations are responsible for many of the odd insurance policies issued in England. The conservative and careful English father, for example, who sends his boy to school, insures the school fee so that if his son should become sick, or decide that he has had enough learning and run away from the equivalent of a little red schoolhouse, that he will not lose his money. There is no other provision made for the return of school fees.

MANY English merchants insure money they hope to get. Concessions are let at the numerous watering places, and if the weather is good, and circumstances generally average, the merchants count on making a certain sum of money. But accidents will, and do, happen. And for this reason, the canny Englishman, or Scotchman, insures his expected profits. There is insurance against epidemics, for epidemics keep away visitors and kill business; there is insurance against periods of national mourning, for this also does away with any jollity and the wish to go to the seaside and spend money. And last, there is insurance against rain, for too much water at the seaside is one of the quickest and unfortunately most effective ways of taking profits out of a man's pockets.

Some of the most interesting of the freak policy insurance is concerned with what one person does to another, with no malice aforethought. The hairdresser or barber, if nervous enough, can get out a policy which will cover him against any suit brought because a patron's beard was turned purple instead of shaved, or because a beauty-clay mud cake insisted on sticking to the face.

The restaurateur likewise can be adequately insured in the event that someone be poisoned, or become only mildly sick from the food. "Poison Pie" insurance, as it has been aptly named, or more

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Business Mortality Still High

Analysis of Failures In Business Commercial Life Shows Startling Percentage of Bankrupts

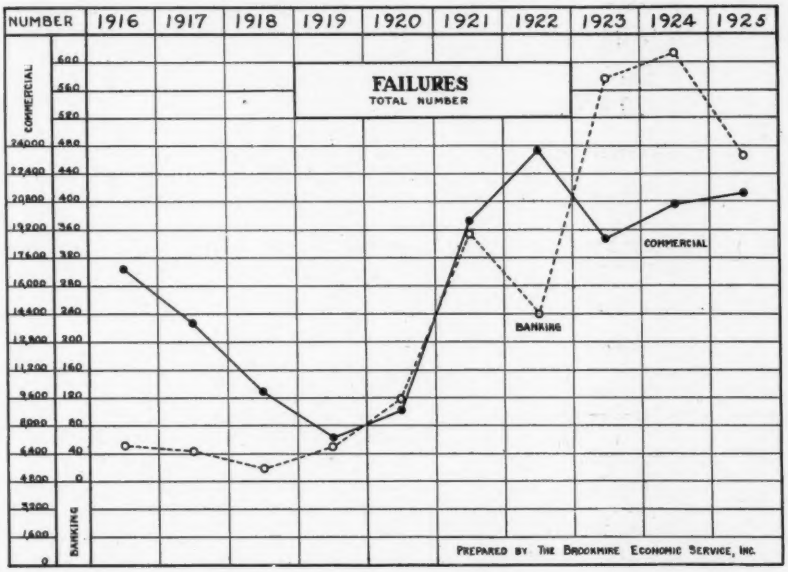
By RICHARD S. CONWAY

Vice-President Brookmire Economic Service, Inc., New York, New York

SCIENCE and education have materially decreased the human death rate, but there is one field in which mortality is still extremely high. The obituary column of business and finance still chronicles the passing of too many businesses and too many banks under such conditions of relative prosperity as have existed during the last three years. Considering commercial failures only at this time, the death list in 1925 was the second highest for recent years, surpassing that of 1922 by a relatively narrow margin. When it is considered that 1925 was a good business year the wonder remains why so many firms passed out of existence.

Commercial Failures (Dun's)

	Number	Number of Concerns in Business	Pct. of Failures
1925	21,214	2,113,300	1.05
1924	20,615	2,047,302	1.01
1923	18,718	1,996,004	.94
1922	23,676	1,983,106	1.19
1921	19,652	1,927,304	1.02
1920	8,881	1,821,409	.49
1919	6,451	1,710,909	.38
1918	9,982	1,708,061	.58
1917	13,855	1,733,225	.80
1916	16,993	1,707,639	.99

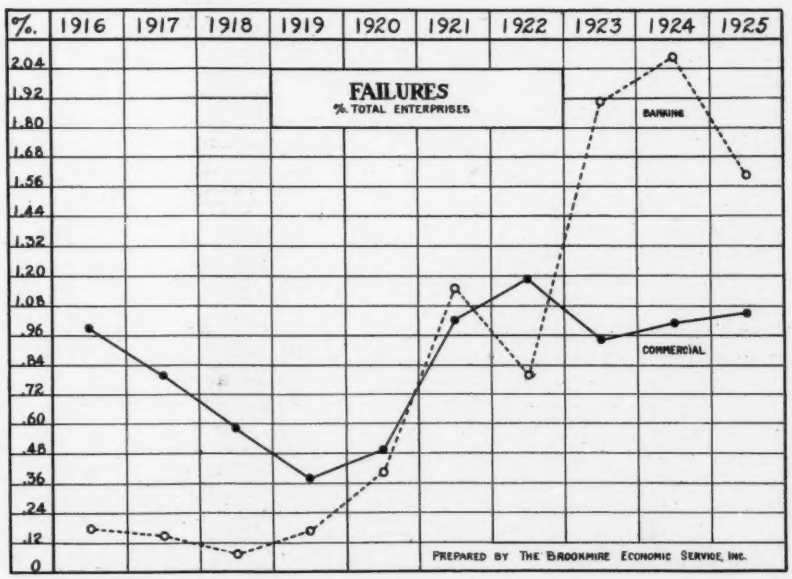


In the tabulation above, the first column gives the total number of commercial failures; that is, failures of manufacturing, mercantile, and trading concerns in each year since 1916. The second column gives the total number of concerns in business in each of those years, while the last column is the percentage of the number of firms which failed to the total number in business during each of these ten years. For the purpose of more clearly visualizing the course of failures over that period, the number of firms which have failed in each one of the years is shown in Chart I and the percentage of total firms in Chart II.

Why They Die

ANY analysis of failures always arrives at incompetence and lack of capital as the main reasons why firms fail. Excluding fraudulent failures, probably 80 per cent of all business mortality can be traced back to these causes. If we broaden the term incompetence a trifle, the bulk of the failures have been due to it. Lack of capital in most instances is merely a form of incompetence.

IN the commercial field, it is impossible to arrive at any adequate explanation of the high rate of commercial failures in recent years without taking into consideration the war years which preceded them. The record over the last ten years is interesting. In tabular form, it is as follows:



It takes the shape either of too much optimism with too little capital at the beginning of a business, or it is unwise extension at an unfavorable time during its operations. Ineffective management, therefore, is the source to which can be traced practically every business failure in the United States. There are certain cases in which the failure of others and sudden catastrophe like war, kill off businesses, but such instances are relatively unimportant.

Fools' Paradise

AS said above, it is necessary to go back to the war years in order adequately to determine why firms have been failing so frequently during the last five years. When prices are mounting rapidly, most anybody can make money. All that is necessary is to get hold of the goods to sell. The selling will take care of itself. Witness the decided decline in the number of failures from 1916 to 1919.

During the period of inflation of such type, it is hard to conceive how any firm could fail. But incompetence in business is not absent even during such periods of boom. Even in the prosperous year of 1919, about 35 per cent of the total number of corporations reporting to the Income Tax Bureau showed an aggregate deficit of nearly one billion dollars.

But for the most part, periods of rapidly rising prices are ones of rapidly declining failures. The difficulty comes when prices stop rising and start to decline. Then the plant extension which looks so wise while things were humming, takes on a different aspect when buyers disappear. The stocks of goods which looked a bargain when salesmen could not fill their orders become a heavy load when purchasing activity is conspicuous by its absence. Book profits are not real profits and the mistake of current values for permanent values has sent many a business on the rocks.

The proof is in the figures. The jumping failure line during 1921 and 1922 tells the story of falling prices, frozen assets, and incompetent management. When there are added to these figures the number of firms which really failed but which were taken over by banks and lenders generally, in order to salvage the wreck, the figures would be even more appallingly high.

The Current Trend

THE post-war period, however, is now of fairly long duration. The 1920 to 1921 crack in prices cannot account entirely for the existence of a high rate of business mortality at the present time. The seeds of most present failures lie in the war years in spite of that fact. The present is a period of intense competition. It is also a period of unparalleled buying on the part of consumers. The total dollars volume of trade is the highest in history, but it is going to the strong and well-managed concern, with ample working capital to take care of it. The concern which just staggered through the two or three years immediately following 1920 is not in a position to meet this competition. The only thing which would save them would be another price boom and that is missing. It is the smaller and weaker firms which are now failing. The figures bear this out. While the number of failures in 1925 was considerably above 1924, the average liability declined sharply. The present is a period of prosperity for the big business. By big is not meant merely big in size, but big in its experience and its brains.

MUTUAL CASUALTY AND AUTOMOTIVE GOLF TOURNAMENT SEETEMBER 29th, AT BRIARCLIFF

GOVERNING BOARD MEETINGS SEPT. 27th AND 28th

HOUSTON DUNN TROPHY TOURNAMENT AT LOUISVILLE

The Probable Trend

THE prospects are that the number of failures during the present year will also be high, but probably not as high as in 1925. The weeding out process is not yet over, but it has progressed pretty far. Moreover, the merger phase will tend to reduce the number of failures. Many a merger is covering what would appear as a failure if it were not for the consolidation. In the commercial field, the outlook is that while the death roll will continue long, it will not be as long as last year and that the liabilities involved will show a considerable shrinkage.

Bank Failures

TO some extent, banking failures in the last five years have followed the course of commercial failures, but only to some extent. In this case also, it is necessary to analyze the war years to arrive at an adequate idea of the reasons for banking difficulties in more recent times. The list of bank failures tabulated similar to commercial failures above is as follows:

Bank Failures (Dun's)

	Number	Number of Banks in Business	Pct. of Failures
1925	464	28,841	1.61
1924	613	29,348	2.09
1923	578	30,178	1.91
1922	240	30,389	.80
1921	353	30,812	1.15
1920	119	30,139	.40
1919	50	29,123	.17
1918	20	28,880	.07
1917	42	27,923	.15
1916	50	27,513	.18

Here also a period of rapidly rising prices is the best recipe for banking health, if we judge health by lack of mortality. From 1917 to 1919, inclusive, bank failures were so small in number as to be relatively non-existent.

A banking business, however, is not much different from any other business. Here also incompetence and lack of capital are the main reasons for failure. The two terms, however, must be defined somewhat differently than in the case of commercial enterprises. Incompetence in the case of banks generally means the making of loans which are not repaid. Lack of capital is an attribute of it. It generally finds expression in the making of loans which are not self-liquidating and in freezing funds which should be available to depositors.

Two Phases of Bank Failures

THE deflation which started in 1920 hit banks in two ways. Many loans became worthless, due to the failure of the borrowers. Many loans again became frozen due to the inability of the borrower to move the commodities against

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Rainfall Hazards

(*Continued from Page 6*)

though the actual amount of vapor of water may be less than during the day. This increase in relative humidity is much more pronounced in the country than in the city, as the absence of paved streets and buildings allows a greater loss of heat. The absolute humidity is expressed in grains per cubic foot, or by the pressure in inches of mercury. The hygrometer measures the amount of water vapor.

We have thus briefly reviewed the source of atmospheric precipitation and the conditions of pressure and temperature under which the moisture (vapor of water) of the air passes through the intervening stages from a gas to a solid, and vice versa. We are getting at the source and foundation of the atmospheric element that is the subject of weather changes, business and social hazards, involving economic losses that should be covered by weather underwriting of a scientific character, especially applicable to the conditions of the rainfall hazard.

We may go a little further and ascertain the molecular changes involved in the production of rain, or the conversion of the gaseous vapor of water into a liquid. When a mixture of air and vapor is lifted there will be expansion and cooling and, because of the cooling, a tendency toward condensing and liquefying of the vapor, appearing first as clouds and finally descending to the earth as rain. Under natural conditions heat may be added or lost through convection, radiation and conduction. Unlike a solid, a gas when lifted or moved from a place of high pressure to a place where the atmospheric pressure is less, or the temperature higher, expands; work is accomplished and heat expended, not in the *lifting* of the air or gas, but in overcoming both internal and external pressures. Work is also done in expansion when the mass of air is moved horizontally. The raising of a cubic meter of air (unsaturated) through an elevation of about 100 meters gives rise to a fall in temperature of one degree. This change is sometimes called the "adiabatic rate of the cold of elevation." The assumption is made that, in this process, no heat is added or lost through extraneous influences or agencies.

WHEN air is given a displacement upward the tendency will continue in that direction, remaining always lighter than the adjacent air, the adiabatic cooling not being sufficient to equalize the temperature with the higher strata. The existence of adiabatic equilibrium very seldom occurs in nature, mainly because of the effect of water vapor and the temperature change due to condensation or evaporation. The heat liberated by condensation will partly offset the adiabatic cooling, thereby affecting the adiabatic gradient. While this gradient for dry air is constant, that for saturated air varies with pressure and temperature, decreasing with pressure fall and increasing with a lowering of the temperature. When the temperature gradients are less than the adiabatic rate, a state of stable equilibrium exists. In the absence of any gradient the vapor density would be the same throughout, the temperature of the highest level the same as below, when a condition of "isothermic atmosphere" would exist. An extreme case of unstable equilibrium would exist in the event of a temperature fall of 3.4 degrees per 100 meters of elevation. Such gradients may occur above a heated surface, or over a heated land area prior to the formation of violent local storms and heavy precipitation.

KEMPER TROPHY AND HARDWARE MUTUALS

CUP TO BE PLAYED FOR AT BRIARCLIFF ALSO OTHER PRIZES

BRIARCLIFF BANQUET

ADDRESS BY A PROMINENT NEW YORK BANKER ON INVESTMENT POLICIES OF AMERICAN INSURANCE COMPANIES

Condensation of vapor into water decreases the rate of cooling with either elevation or lateral convection to lower pressure. If the condensation results in snow the gradient is still further reduced. Hertz discussed four stages of condensation, viz.: (1) the air unsaturated with no liquid water present, the Dry Stage; (2) the air saturated, containing additional fluid water, the Rain Stage; (3) the air holding vapor and liquid, together with ice particles, the Hail Stage; (4) the air containing only vapor and ice, the Snow Stage.

Von Bezold, in reviewing the whole subject of the formation of precipitation, considered the various causes, such as direct cooling, adiabatic expansion and mixture. He demonstrated that a mixture of saturated warmer air with unsaturated cooler air gives more condensation than a mixture of saturated cooler air with drier, warmer air. Therefore the flowing of a stream of saturated warm air into cool space is accompanied with more condensation than the reverse process. Clouds of vapor form more readily over an open warm-water surface than over cold surfaces. The opening of a laundry-house door during moderately cool weather causes great clouds of vapor to pour out, while the opening of an ice-cellar door on a warm day fails to produce such results.

BY reason of the processes of condensation, evaporation, compression and expansion, the formation and movement of cloud masses do not necessarily give a true measure of the motion of the air in which they are suspended. Sometimes clouds hang apparently motionless over mountains while strong winds stream through them. Balloonists and airplane pilots moving horizontally and vertically through long stretches and deep banks of cloud masses observe marked local circulation within. These observations indicate that there are movements within the clouds that are independent of the general drift of the clouds and of the atmosphere in which they are suspended; that small cloud masses are often whirled up and down, sometimes violently, and in the cumulonimbus or thunder clouds, there is much turbulence, irrespective of the progressive movement of the general cyclonic area of low pressure. This local circulation is particularly observed in torna-

does, hailstorms, whirlwinds and waterspouts. The U. S. Navy dirigible Shenandoah was destroyed September 3, 1925, in southeastern Ohio, by the local circulation of a tornado cloud about 3000 feet above the ground, killing fourteen members of the crew. The peculiar local circulation of the hail cloud is responsible for the alternately concentric layers of snow and ice that form the hailstones. Within the vortex of the hail cloud a violent vertical circulation prevails with low temperatures, causing condensation directly in the solid form, Snow Stage. The vortex circulation being much more rapid than the progressive movement of the cloud from west to east, the snow pellets are tossed outside the cloud into warmer air and take on an ice-cap, the moisture of the free air condensing into ice on the surface of the freezing snow pellet, Hail Stage. Before the ice-covered pellet can reach the ground the hail cloud has passed under it, and falling within takes on another layer of snow, the alternation continuing until the weight is sufficient to carry the balls beyond the cloud to the ground.

There can be no question that ascensional movements in the atmosphere, of whatever cause, are the most effective means of condensing vapor so plentifully and rapidly as to produce rain. These movements are characteristic of cyclonic circulation in low-pressure areas that follow typical storm lanes across the country, from the Pacific to the Atlantic. The rain spread is therefore associated with these cyclonic areas. It matters not whether the air moves horizontally into a region of low pressure, or vertically into an upper region of low pressure, for in both cases there is cooling and condensation of vapor. However, the horizontal stream flow requires considerable time and much external work in pushing aside the adjacent gases, and overcoming various sources of heat that complicates the phenomenon; whereas a vertical movement of a hundred feet is accomplished in a few seconds, the direction being in the line of least resistance, and the upward component being much more powerful than the one at right angles to it.

THE local circulation in a thundersquall illustrates the comparative force of the vertical and horizontal air movements, giving rise to rapid condensation and heavy precipitation. The mere mingling of the two air currents cannot change the depth of the atmosphere, nor therefore, the height of the barometer. But in the case of atmospheric convection we have something much more energetic than the simple mingling of two air currents, and the linear momentum does not, in general, remain constant. Heavy rain, at least in the clouds, and therefore much humidity, and a temperature contrast sufficient to produce rapid vertical convection, are essential to the genesis of a thunderstorm.

The greatest rainfalls as well as the greatest rainspread occur with thunderstorms. The violent turmoil and spasmodic movements within the thunder clouds give rise to great irregularities in condensation, and the variability of cloud electrification may have influence upon the size and number of raindrops attending the storm. Thunderstorms are generally confined to the southeast quadrant of the cyclonic area of low pressure, where the temperature and humidity gradients are most pronounced. Rainfall distribution is also marked by wind direction which shows the easterly and westerly trends of cyclonic and anticyclonic circulation in low- and high-pressure areas.

Chart shown on page 5 shows rainfall and wind distribution for the area of the United States and Canada on July 13, 1924, at the 8:00 P. M. observation, seventy-fifth Meridian time, as conducted by the observers of the U. S. Weather Bureau, in the examination and reading of their instruments at the same moment of actual time. Therefore the observations at all of the stations printed on the chart are simultaneous and strictly comparable.

The areas of easterly trend are shown by the contours marked NE-SE, and those of the westerly trend by NW-SW. The location of the centers of areas of High and Low pressure are indicated on the chart by the words High and Low. The contours marked R-A delimit the rain areas. It is important to note and carefully consider the conditions under which the rainfall areas are confined within the areas of easterly trend or along the meeting line with the westerly trend of wind directions. The chart shows the rainfall amounts at the various stations during the preceding twenty-four hours, entered in inches, tenths and hundredths at the location of the station. Rainfall at the time of the observation is indicated by the letter R.

The meeting line of easterly and westerly air-trends at the

(*Continued on Page* 28)

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The Public Went to a Football Game and Saw—80,000 *Umbrellas*

Peculiar Insurance

(*Continued from Page* 22)

prosaicly, a food producer's liability policy, takes the worry off everyone's head, and if by misadventure an offended waiter seasons a dish with green arsenic, or, more likely, a patron neglect to look closely and break a tooth on an oyster shell the insurance company can be expected to settle things up right.

Or, to get into the realm of pleasure, a golfer, who plays on a half dozen fairways, and has always been afraid that one of his shots will find a human target, can take out a policy which will cover him against any damage suits which may be filed. At the same time, the insurance covers minor damage to clubs and to golf clothes in cases the clubhouse burns down.

Then there is the "laundry bundle" policy, a blessing without disguise for everyone who has had the pleasure of exchanging clothes with every other customer of the laundry. The policy provides that when you get someone else's silk lingerie that you can collect damages.

Almost every day some thoughtful person and some enterprising insurance man get together, and the result is a new freak policy. Usually the unusual policies receive much publicity, and are so long talked of that people who never could have conceived them, avail themselves of the benefits offered. And then the freak gets out of the freak class.

But now that a discussion of freak coverage is being brought to a close, I would like to venture a suggestion about another policy which might be of considerable interest. So far, no one has insured a shoe lace. Granted that shoe laces in themselves are of little value. But the damage they can do. They can become untied at crucial moments and be responsible for a fall, a trip, or any one of those embarrassing seconds. They can be the sole reason for a tardy appointment. But why continue? Certainly there are ample reasons why the first shoe string insurance policy should be written.

Wisconsin Ruling

HON. OLAF H. JOHNSON, Insurance Commissioner of Wisconsin, on August 25th made the following ruling concerning commuted premiums for a term of years:

August 25, 1926.

QUESTION: Can a fire or casualty company issue a policy for a longer period than one year—say for a term of three or five years—at a lower or commuted premium—and by dividing such commuted premium by three or five, then accepte such quotient as an annual premium on such policy?

Sec. 201.14 (c) provides: "If any application or policy covers a period greater than one year, the premium shall be on hand for such greater period."

Sec. 203.12 provides that: "Any Company . . . . shall cancel any policy at any time, by request of the party insured or his assignee, and return to said party the amount of the premium paid for the expired (unexpired) portion of the full term for which the policy has been issued as specified in the following tables." Then follows in Table B the percentage of premiums to be charged or retained as earned premiums on policies written for periods more than one year.

It clearly follows that the full premium must be charged and paid; that the unearned premium maintained for such full term be maintained, and that in the event of cancellation of the policy the unearned premium reserve carried as a liability forms the basis of the return premium.

The laws of Wisconsin also provide, that Companies of other states may be admitted subject to the same requirements as to solvency, limitations, terms and conditions as imposed upon like Companies of this State.

A division of a term or commuted premium and the acceptance of the quotient as an annual premium would be a violation of the law and subject the company so doing to the penalties of the statutes.

Commissioner Wade to Propose New Legislation

HONORABLE STACEY W. WADE, Insurance Commissioner of the State of North Carolina, has stated that on January 1, 1927, he will submit to the Governor a report in which he will set out certain needed amendments to the insurance laws. This report will also contain an exhaustive review of the fire insurance rate situation, with his recommendations concerning it, for the consideration of the General Assembly of 1927.

Commissioner Wade is urging that thought be given to the rearrangement and recodification of the insurance laws and recommends the appointment of a competent commission to do this work. He states further that he does not know of anything in connection with insurance matters in his state which is more badly needed.

Business Mortality

(*Continued from Page* 24)

which the loans were placed. This period of banking stringency lasted probably into 1922, but the stringency was generally due to unwise commodity loans.

The second phase from 1922 to the present is a period in which the stringency has been due been due mainly to operation in real estate. In the early part of the second period it hinged about the collapsed farm land values and the failures occurred principally in western and mid-western banks. This phase is still operative, but it has probably passed its crest.

In the last year or more the high rate of bank failures has been closely attendant upon the collapse of land booms in various sections of the country, notably in Florida. In all cases they were due to a failure to respect the first principle of banking, which is to keep deposits in such shape that the demand for them can be met immediately.

The Banking Future

UNLIKE commercial failures, the chances are that the trend of bank failures has not yet reached its crest. The collapse of the Florida boom was only one symptom of a country-wide, ill-advised land speculation. Every big building boom brings in the wake of its collapse frozen loans on the part of banks. Definite collapse of the country-wide building boom has not yet appeared. When it does, we will probably find, as in the past, that the banks to a great extent are holding the bag.

Prepared for the Worst

Wife—"That boy of ours gets more like you every day."

Husband (meekly)—"What's he been up to now?"

—*The Humorist* (*London*).

Over-Edited

Flossie Gay: "You'll never catch me again going out to dinner with an editor."

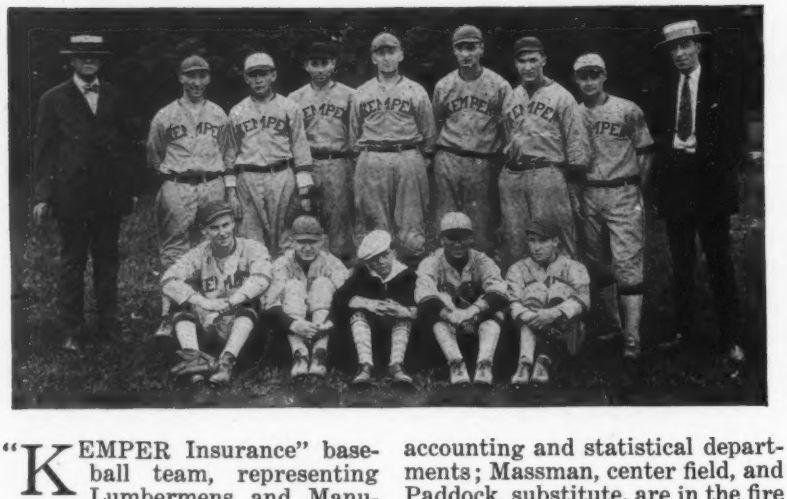
Her Friend: "Was he broke?"

Flossie: "I don't know whether he was broke or not; but he put a blue pencil through about half of my order."

—*Ripley* (*Tenn.*) *Enterprise.*

Kemper Team Chicago Champions

Speedy Boys Repeat 1925 Success



"KEMPER Insurance" baseball team, representing Lumbermens and Manufacturers Insurance Agency, Lumbermens Mutual Casualty Company, and National Retailers Mutual Insurance Company, of which James S. Kemper is general manager, won the Division 1 championship of the Insurance Baseball League of Chicago, repeating their performance of last year.

Undefeated in their division this year, the heavy-hitting Kemper outfit is meeting the Royal Insurance Nine, winners of Division 2, in a three-game series at Logan Square ball park, August 26, September 1, and September 8, for the insurance championship of Chicago.

During the season just finishing to date the Kemper team knocked nine opposing pitchers out of the box, scoring a total of 199 runs against 52 for their combined opponents. Kemper twirlers averaged nine strikeouts a game, compared with an average of six for opposing moundsmen, and issued only twenty-nine bases on balls as compared to fifty-six walks received by Kemper batters.

Royce G. Rowe, assistant secretary of the "L-M-C" and head of its loss department, is manager of the team; Miller, pitcher, is an investigator, and Ackerman, shortstop; Kuhn, right field; Kropp, first base, and Barry, catcher, are in the same department; Lenke, left field; Moennich, right field; Monson, second base; Ehrman, third base, and Shaw, substitute, are from the "L-M-C" accounting and statistical departments; Massman, center field, and Paddock, substitute, are in the fire insurance department of the office; Pickett, relief pitcher, is in the service department.

This is the fourth year of the Kemper baseball team. Lenke, Moennich, and Shaw have played all four years; Ackerman and Monson, three years, and Kuhn, Massman, Miller, and Paddock, two years.

In the accompanying picture are, left to right, standing: Donald Shaw, R. C. Massman, F. J. Moennich, Arthur Kropp, W. C. Miller, E. W. Lenke, Edgar Barry, R. G. Rowe; sitting, A. S. Paddock, C. J. Kuhn, Jamie Kemper (son of James S. Kemper), mascot; O. W. Monson, R. F. Ackerman.

Louisville Convention

(*Continued from Page* 7)

The golf tournament will be played on the Cherokee Park links; the Horseshoe pitching contest will be at Shawnee Park; an automobile trip of one day is being arranged for the ladies to Shakertown, Ky., on the Kentucky River, via Frankfort and Lexington, with a trip to the hydro-electric plant at Dix River, where the great dam is located; a stop at the State capitol at Frankfort, and last, a wonderful Kentucky dinner at Shakertown. The annual banquet of the convention will be at the Seelbach on Thursday evening, with musical features and presentation of the trophies. A trip to Mammoth Cave is being arranged for Friday, for any of the visitors who are interested.

Harry P. Cooper, secretary of the National Association, has charge of the general arrangement of the business part of the convention.

THE Kentucky members of the National Association have announced that a cordial as well as urgent invitation is extended to all Mutual insurance companies of the United States to be represented by as many delegates as possible. In view of Kentucky's fame for hospitality this invitation is something to be treasured beyond price.

Louisville has a wealth of scenic interest which will delight the traveler in search of unique beauty. Mammoth Cave is not far away; Lincoln's boyhood haunts are close by; historic spots of the Civil War abound; the countryside is rolling and beautiful; the climate is ideal; the city itself, being on the picturesque Ohio River, has dozens of major attractions. Altogether, Louisville well deserves its fame as a convention city.

It is suggested that those who enjoy motoring come in their cars, for there are good roads leading into the city from all directions, and some of the most interesting country in America is to be seen during the journey.

Rainfall Hazard

(*Continued from Page* 26)

surface show the effect of cyclonic and anticyclonic circulation systems in the work of convection, radiation, conduction, expansion and condensation in the production of rainfall. Due north and south winds are neutral.

In this article we have presented and discussed the fundamentals of precipitation and indicated the degree of analysis and depth of inquiry necessary to an understanding of the occurrence and distribution of rainfall in all parts of the United States, preparatory for a discussion of this knowledge in relation to the weather hazard involved, as a basis for the underwriting of the rain insurance risk.

Sea Dangers

(*Continued from Page* 13)

"June 17—Light to gentle SW wind; generally foggy. At 6:10 A.M. we got under way and stood for oceanographic station 240, in lat. 43° 10′ N., long. 51° 15′ W., where sea-water temperatures were taken and plankton collected. Received a radio message from the steamship Eastern Tempest stating that a seaman had dislocated his shoulder and that they were unable to get it back in place. Our medical officer gave the necessary advice. At 7:50 P.M., fog shutting in thick, we stopped and drifted for the night.

"June 19—The steamship Duca de Abruzzi reported by radio that she passed a large ice field in lat. 40° 34′ N., long. 49° 25′ W. This information was no doubt incorrect, as the sea water in the reported locality had a temperature of 73°F. and was above 50°F. for a distance of 90 miles to the northward. All efforts to verify the report were unsuccessful. At 2:30 P.M., while in lat. 41° 20′ N., long. 51° 20′ W., a large passenger steamer of the Compagnie

Generale Transatlantique, west bound, passed us. She was about 50 miles north of her prescribed track. During the night, a Leach petrel flew on board, having been stunned by flying into something in the fog. It was identified and released. Special ice information was furnished to the steamship West Quechee.

"June 21—About 6 A.M. we heard the fog signal of a passing steamer and tried to warn her by radio that she was very near the berg by which we were lying, but could get no response. At 9:50 A.M. the fog lifted in our locality but held over the colder water to the northward all day. We drifted with the berg which now bore no resemblance to the one we saw the night before. . . . ."

The cruises of the ice patrol boats, for weeks the only visitors to the far north, entail severe hardships to their crews. But, after all, these cruises last only a small portion of the year; and, although the work of the ice patrol sounds far more adventurous and dangerous, it is probably no more so than that of our hundreds

of light-house keepers who serve all the year round.

Safeguarding lives at sea has always called for courageous men and women. The light-house keeper must ever be ready to help a ship in distress. Besides, he must be prepared to remain, month after month, and year after year, in his light-house, cut off from contact with other human beings.

THE United States has the largest light-house organization in the world. Its coast and inland navigable waters and its outlying territory, except the Philippines and Panama, are lighted by it. Because of the dependence on water transportation at the time of the formation of the Federal government, at the first session of Congress, light-house service was undertaken as our government's first public work.

However, before this, the individual states had safeguarded mariners approaching their shores by establishing light-houses. The Boston Light was the first in this country, and has now been in continuous operation for 210 years, except for short periods when it was dimmed because of war.

Science and engineering have continually improved our light-house systems, the most rapid advances having been made during recent years when the quick revolving lenses, oil vapor lights, automatic acetylene lights, lighted buoys, automatic gas fog signals, submarine signals, improved concrete constructions, and light vessels have been put into use.

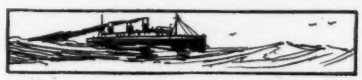
It is a far cry from the coal or wood fires which were built at the top of towers to serve as warnings for navigators to the 710,000 candle-power light now installed at the Navesink light-house. The lights used to warn sailors approaching our shores of danger have constantly been growing brighter and brighter. Already when the Boston Light was established, fish or whale oil was burned in a lantern consisting of a cylinder of heavy wooden frames, holding small, thick panes of glass. By 1812, oil was burned in a lamp constructed on the Argand principle with a rough

reflector and a so-called lense or magnifier. In 1852, the Light-house Board replaced reflectors with lenses, and lenses are still used, although they have been changed and modified many times. The largest lense in use now is at Makapuu Point, Oahu, Hawaii, the landfall light for vessels bound from the states to the Hawaiian Islands. This has a focal distance of 1,330 millimeters, and the inside diameter of the lenses is nearly nine feet. It is the only one of its kind in the service.

Four years ago, when the last detailed study of the illuminants used in the service was made, the following table was published:

	Lights
Incandescent oil vapor	317
Kerosene wick	2,007
Acetylene	1,021
Oil gas	232
Electric incandescent	181

EXPERIMENTATION with electric is still being carried on. As early as 1862, electricity was used at Dungeness Lighthouse on the coast of England, but subsequently had to be abandoned. In



America, the Statue of Liberty was the first light on which electric was used in 1886. Two years later, six electrically lighted buoys were used to mark Gedney Channel, and in 1889 an incandescent electric lamp was placed in Sandy Hook Beacon. The chief difficulty with electric lighting was the prohibitive cost. However, when a switch can be installed on the shore and the light turned on and off easily, electricity is both practical and economical. "Two Lights," the beacon at Cape Elizabeth at the entrance to Portland (Maine) Harbor, is the latest changed to electricity. Now, mariners can see the light as far as forty miles out at sea.

Until 1917, the Navesink Light, south of Sandy Hook, was the only one of primary importance using electricity. The beam of this powerful light has been seen seventy miles at sea; the light itself cannot be seen because of the curvature of the earth. The candle-power has been estimated at 25,000,000 which could never have been attained with any other lighting system.

Several other important lights

(*Continued on Page* 32)

How to Make Them Think

(*Continued from Page* 10)

SEE, now, how firmly the salesman has landed upon what has probably always been his principal selling-point—the *savings* made possible by the mutual method. How often, though, the mutual salesman *opens* his argument with that point, forgetting that people never care what a thing *costs* until they *want* it, and that they never want it until they have seen what it will *do* for them. What insurance will *do* depends much more upon secure protection against loss than upon its price; and to open with talk of price is to invite the reaction "Costs less?—Must be *worth* less!"

With this more scientific approach, the salesman establishes the "tried and proved" nature of his method while he uses the same proof to show *why* it costs less. The prospect is now well past the point of merely wanting to listen: he wants to understand and to *believe*.

The manner in which he may be made to understand will depend, of course, upon the exact nature of the particular service offered; but, in the case of mutual fire-loss insurance, it might well take the form of showing the actual educational work done among members and their employes to reduce risks. That will not only furnish practical evidence all in line with the main thought, but it will also give the advantage of changing from *straight talk* to things the prospect can touch and see and hear and read, thus enlisting more of his sensory attention and concentrating it upon the proposition. Prospects tire of being talked *at* all the time, and it is well to give them something to *do* to keep them occupied—far better than to encourage or permit them to talk too much or too soon, since their talk in the earlier stages at least is likely to take the form of thinking up *objections!*

NEXT comes the matter of securing BELIEF, since the prospect should now have reached the stage when he *wants* to believe. It might be well to shock his ingrowing prejudices in favor of "old line" stock companies at this point by showing him an extract from the report of Charles H. Nesbit as Commissioner of Insurance at Washington, D. C., in which he shows that out of the 1550 stock companies which have been organized in the United States, no less than 1300—84 per cent—have gone out of business—failing, retiring, or reinsuring; whereas, out of 2900 Mutual fire companies, 2200, or 76 per cent, were still doing business!

Continuing to conviction on the case of the particular company concerned, the salesman will find it wise to be well provided with facsimile letters from concerns of good standing including some in the prospect's own line if possible, acknowledging prompt and just settlements. The crucial paragraph of each he will read to his prospect, pointing to it as he does so, to enable the prospect to see the letterhead and signature, but not leaving him to read it to himself, since that opportunity sometimes is seized to do a little dangerous thinking up of objections, under cover of pretending to read slowly!

It is well to lead the prospect's mind along just as fast as he can follow without stumbling, thereby avoiding all dangerous detours from the main path into irrelevant or argumentative subjects. To do so saves *sales* as well as *time*.

IN closing, the salesman has inevitably drawn from his prospect the exact status of his present policies, and, if the preceding steps have been properly planned and taken, the subsequent ACTION will be based logically upon these facts. If the policies are soon to expire, the salesman may note down *upon his application* form the various facts as he draws them from the prospect, and then at the end he may read them over as a logical summary of what the prospect *wants*. If the prospect agrees, as he is quite likely to do under the conditions outlined, there is nothing more to be done but to offer him the "memorandum" for his O.K.

Even though he is solidly sold, however, he may desire to delay, either because he thinks he wants to "think it over," or because there is someone else with whom he must "talk it over" before committing his concern.

What to do in those two common examples of "call-backs" is of such vital importance to the mutual insurance salesman that arrangements have been made to devote the whole of one of these six articles to that subject; and since the "close" of the sale is the *end* of the subject, it seems logical to make that the *last* of the series.

Meanwhile there will be four other articles dealing with specific problems of spoken or of written salesmanship.

It is sincerely hoped that *this* article may have made you *want* to read them all!

South Carolina Ruling

RECENTLY, Insurance Commissioner McMahan was requested by the National Association of Agents to make a ruling forbidding the giving of reduced insurance rates to groups or "fleets" of cars under separate ownership with the stipulation that to obtain such rates there must be ten cars under one ownership. Mr. McMahan's letter, under date of July 30th, follows:

July 30, 1926.

"Yours of the 30th received enclosing circular from Secretary Bennett, of the National Association of Agents, dated July 28th, urging that Insurance Commissioners rule that automobiles may not be insured in fleets unless under single ownership.

"The desire is to prevent cheap (wholesale) insurance on automobiles owned by employees of a concern which may now include all of such automobiles under a "fleet" policy just as if under one ownership. Other Commissioners are making rulings to forbid this cheaper insurance to small owners.

"I decline to make such a ruling. I believe in the free play of individual initiative and enterprise in competition for efficiency of business. I cannot regard any business practice as final—beyond improvement. Fair competition should be afforded an opportunity to effect better methods.

"A modern trend, compelled by oppular demand, which I have found it useless to try to stop, is the wholesale insurance of automobiles for financing corporations. Similarly, I have made no rules as to group insurance in the life field. Multiple experimenting guided by business sense must be allowed to develop the proper practices."

Grammatical Note

Publisher—"In your story I notice you make the owl hoot 'to whom' instead of 'to whoo.'"

Author—"Yes, this is a Boston Owl."

—*Bison.*

Point Proven

"You say you come from Detroit," said the doctor to his fellow passenger; "that's where they make automobiles, isn't it?"

"Sure," replied the American with some resentment; "we make other things in Detroit, too."

"Yes, I know," retorted the doctor; 'I've ridden in 'em."—Store Chat.

Insurance in England

(*Continued from Page 6*)

ed in the direction of enlarging the benefits to injured workmen, and other matters, but the recommendations regarding the supervision of rates were ignored and a modified arrangement entered into for the limitation of the Stock Companies' profits. The general effect of the arrangement is that the Accident Offices Association undertook on behalf of its constituent members to adjust from time to time the rates of premium for this class of insurance in such a way as to make the "loss ratio" (that is, the proportion which the total amount paid or set aside in respect of claims bears to the premium) not less than 60 per cent for each of the years 1924, 1925, and 1926 and not less than 62½ per cent in subsequent years. If on the year's experience, it is found that the loss ratio falls short by more than ½ per cent of the percentage mentioned, policyholders in the companies are to be allowed a corresponding rebate in connection with the premium which next falls to be paid. If, on the other hand, the loss ratio exceeds the percentage by more than ½ per cent an adjustment will be effected by means of an excess charge.

Two full years working of this arrangement have now taken place, though the figures for 1925 are not yet available. The actual premiums written by the Companies for 1924 were $22,598,-885. The actual loss amounted to $11,950,895, showing a loss ratio of 52.88 per cent. This means that the insured employers were entitled to a rebate of 7.12 per cent, or, approximately, a sum of $1,600,000. But commission to agents have been reduced from 15 per cent to 10 per cent so that this effects a saving to the companies on the above basis of about $1,130,000. It will therefore be seen that the total loss to the Stock Companies amounts to less than half a million dollars. It is only in the aggregate that the claims must bear the ratio of 60 per cent to the premium income. Individual offices will experience the result of their own underwriting. The Companies continue to make very large profits on their workmen's compensation business. It is not the loss of these half a million dollars a year that is worrying them. The arrangement for the limitation of profits is there and it may spread and grow. This is the element that is causing uneasiness. It is a little cloud, like a man's hand.

Editorial Note: The following addendum from Mr. Morris arrived shortly before this issue went to press:

"Since mailing the above article our Home Secretary has very kindly sent me the certified figures for 1925. The premiums written during 1925 amount to $23,852,380. The total amount of payments under policies amount to $5,750,260 to which is added 'reserve for liability on outstanding claims at end of year' $6,638,-530; together $12,-388,790. The ratio of losses to premiums is therefore 51.94 per cent, which necessitates an adjustment by way of rebates to policyholders of 8.06 per cent, or a saving to the policyholders, in the aggregate, in respect of profits and expenses of about $1,900,000."

Foreign Insurance Companies

Operating United States Branches

ABEILLE FIRE INSURANCE COMPANY, PARIS, FRANCE.
ALLIANCE ASSURANCE COMPANY, LTD., LONDON, ENGLAND.
ATLAS ASSURANCE COMPANY, LTD., LONDON, ENGLAND.
BALTIC INSURANCE COMPANY, LTD., COPENHAGEN, DENMARK.
BRITISH AMERICA ASSURANCE COMPANY, TORONTO, CANADA.
BRITISH & FOREIGN MARINE INSURANCE COMPANY, LTD., LIVERPOOL.
BRITISH GENERAL INSURANCE COMPANY, LTD., LONDON, ENGLAND.
CALEDONIAN INSURANCE COMPANY, EDINBURGH, SCOTLAND.
CENTURY INSURANCE COMPANY, LTD., EDINBURGH, SCOTLAND.
CHRISTIANIA GENERAL INSURANCE COMPANY, OSLO, NORWAY.
COMMERCIAL UNION ASSURANCE COMPANY, LTD., LONDON, ENGLAND.
CONSOLIDATED ASSURANCE COMPANY, LTD., LONDON, ENGLAND.
LACUBANA COMPANIA NACIONAL DE SEGUROS, HAVANA, CUBA.
EAGLE, STAR & BRITISH DOMINIONS INSURANCE CO., LTD., LONDON, ENGLAND.
THE FONCIERE INSURANCE COMPANY, LTD., PARIS, FRANCE.
FUSO MARINE & FIRE INSURANCE COMPANY, LTD., TOKIO, JAPAN.
GENERAL FIRE ASSURANCE COMPANY, PARIS, FRANCE.
INDEMNITY MUTUAL MARINE ASSURANCE CO., LTD., LONDON, ENGLAND.
JUPITER GENERAL INSURANCE COMPANY, BOMBAY, INDIA.
LAW UNION AND ROCK INSURANCE COMPANY, LTD., LONDON, ENGLAND.
LIVERPOOL & LONDON & GLOBE INSURANCE CO., LTD., LIVERPOOL.
THE LONDON & LANCASHIRE INSURANCE CO., LTD., LONDON, ENGLAND.
LONDON & PROVINCIAL MARINE & GENERAL INSURANCE COMPANY, LTD., LONDON.
LONDON & SCOTTISH ASSURANCE CORPORATION, LTD., LONDON, ENGLAND.
LONDON ASSURANCE CORPORATION, LONDON, ENGLAND.
MARINE INSURANCE COMPANY, LTD., LONDON, ENGLAND.
MARITIME INSURANCE COMPANY, LTD., LIVERPOOL, ENGLAND.
METROPOLITAN NATIONAL INSURANCE COMPANY, HAVANA, CUBA.
NETHERLANDS INSURANCE COMPANY, THE HAGUE, HOLLAND.
NEW INDIA ASSURANCE COMPANY, BOMBAY, INDIA.
NEW ZEALAND INSURANCE COMPANY, LTD., AUCKLAND, N. Z.
NIPPON FIRE INSURANCE COMPANY, LTD., TOKIO, JAPAN.
NORTH BRITISH & MERCANTILE INSURANCE CO., LTD., LONDON AND EDINBURGH.
NORTH CHINA INSURANCE COMPANY, LTD., SHANGHAI, CHINA.
NORTHERN ASSURANCE COMPANY, LTD., LONDON, ENGLAND.
NORWEGIAN ATLAS INSURANCE COMPANY, LTD., OSLO, NORWAY.
NORWICH UNION FIRE INSURANCE SOCIETY, LTD., NORWICH, ENGLAND.
OCEAN MARINE INSURANCE COMPANY, LTD., LONDON, ENGLAND.
OSAKA MARINE & FIRE INSURANCE COMPANY, OSAKA, JAPAN.
PALATINE INSURANCE COMPANY, LTD., LONDON, ENGLAND.
PHOENIX ASSURANCE COMPANY, LTD., LONDON, ENGLAND.
PRUDENTIA RE-AND-CO-INSURANCE CO., LTD., ZURICH, SWITZERLAND.
QUEENSLAND INSURANCE COMPANY, LTD., SYDNEY, AUSTRALIA.
REINSURANCE COMPANY SALAMANDRA, LTD., COPENHAGEN, DENMARK.
RELIANCE MARINE INSURANCE CO., LTD., LIVERPOOL, ENGLAND.
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ROYAL INSURANCE COMPANY, LTD., LIVERPOOL, ENGLAND.
SCANDINAVIAN-AMERICAN ASSURANCE CORP., LTD., OSLO, NORWAY.
SCOTTISH UNION AND NATIONAL INSURANCE COMPANY, EDINBURGH, SCOTLAND.
SEA INSURANCE COMPANY, LTD., LIVERPOOL, ENGLAND.
SKANDIA INSURANCE COMPANY, STOCKHOLM, SWEDEN.
SKANDINAVIA INSURANCE COMPANY, LTD., COPENHAGEN, DENMARK.
THE SOUTH BRITISH INSURANCE COMPANY, LTD., AUCKLAND, N. Z.
STANDARD MARINE INSURANCE COMPANY, LTD., LIVERPOOL, ENGLAND.
STATE ASSURANCE COMPANY, LTD., LIVERPOOL, ENGLAND.
SUN INSURANCE OFFICE, LONDON, ENGLAND.
SVEA FIRE AND LIFE INSURANCE COMPANY, GOTHENBURG, SWEDEN.
SWISS RE-INSURANCE COMPANY, ZURICH, SWITZERLAND.
SWITZERLAND GENERAL INSURANCE COMPANY, ZURICH, SWITZERLAND.
THAMES AND MERSEY MARINE INSURANCE CO., LIVERPOOL, ENGLAND.
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UNION ASSURANCE SOCIETY, LTD., LONDON, ENGLAND.
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URBAINE FIRE INSURANCE COMPANY, PARIS, FRANCE.
WESTERN ASSURANCE COMPANY, TORONTO, ONTARIO, CANADA.
THE WORLD AUXILIARY INSURANCE CORP., LTD., LONDON, ENGLAND.
YANG-TSZE ASSOCIATION, LTD., SHANGHAI, CHINA.
YORKSHIRE INSURANCE COMPANY, LTD., YORK, ENGLAND.

What Is Insurance?

A group of persons, each of whom realizes that he is subject to the possibility of some loss, the time and amount of which are matters of uncertainty, agree to create, justly proportioned contributions, a common fund, from which, in the event of such loss happening to any of them, compensation may be made to the loser and the burden thereof distributed over the entire group—this is Insurance. It involves two main factors which are distinctive of civilized man, his social organization, man has diminished the realm of chance and enlarged that of calculation. By the exercise of the latter he has become increasingly efficient in the preservation of his life and possessions. In no field of effort has he demonstrated to better advantage the practical value of Foresight and Cooperation than in that of Insurance.

Sea Dangers

(*Continued from Page 29*)

are now using electricity, one of the most interesting of these being the Cape Henry Light into which Mazda bulbs were installed three yeras ago. The Cape Henry Light was the first one built by our government under the Articles of Confederation, and has been rebuilt several times. First, it outgrew and outwore the original structure, constructed in 1792, then the Light was destroyed during the Civil War, and finally the new Light was built in 1881.

The use of radio and electric light to safeguard human life have been two noteworthy achievements of recent years. Radio, by far, provides the more spectacular accomplishments, and has already been directly responsible for the rescue of thousands. Our ice boat patrol could not give a part of its service if its broadcasting was silenced. Neither would the substitution of radio signals for our Lights and bell buoys be practical nor desirable. All of these inventions and discoveries are interdependent, and together with the routine reports of such organizations as the weather bureau and patrol systems provide, the navigator can sail his ship on chartered seas, and carry millions of people safely over the "biggest pond in the world" with an infinitesimally small chance of a mishap.

Associated Mutuals

Grain Dealers Mutual Fire Insurance Company

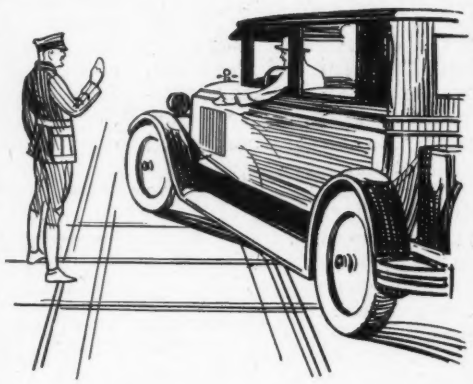
Automobile Mutual Fire Insurance Company

Automobile Mutual Liability Insurance Company

Beacon Mutual Fire Insurance Company

An organization of Massachusetts Mutual Insurance Companies associated under one management and devoted to reducing insurance costs. Dividends 20% and 25%.

Associated Mutuals
211 Congress St.
Boston, Mass.
A. Shirley Ladd, Secretary



Mr. Good Driver's Famous Fraternity

There is a great and honored brotherhood of capable automobile drivers. The members of this fraternity are instinctively respected—non-members are instinctively despised.

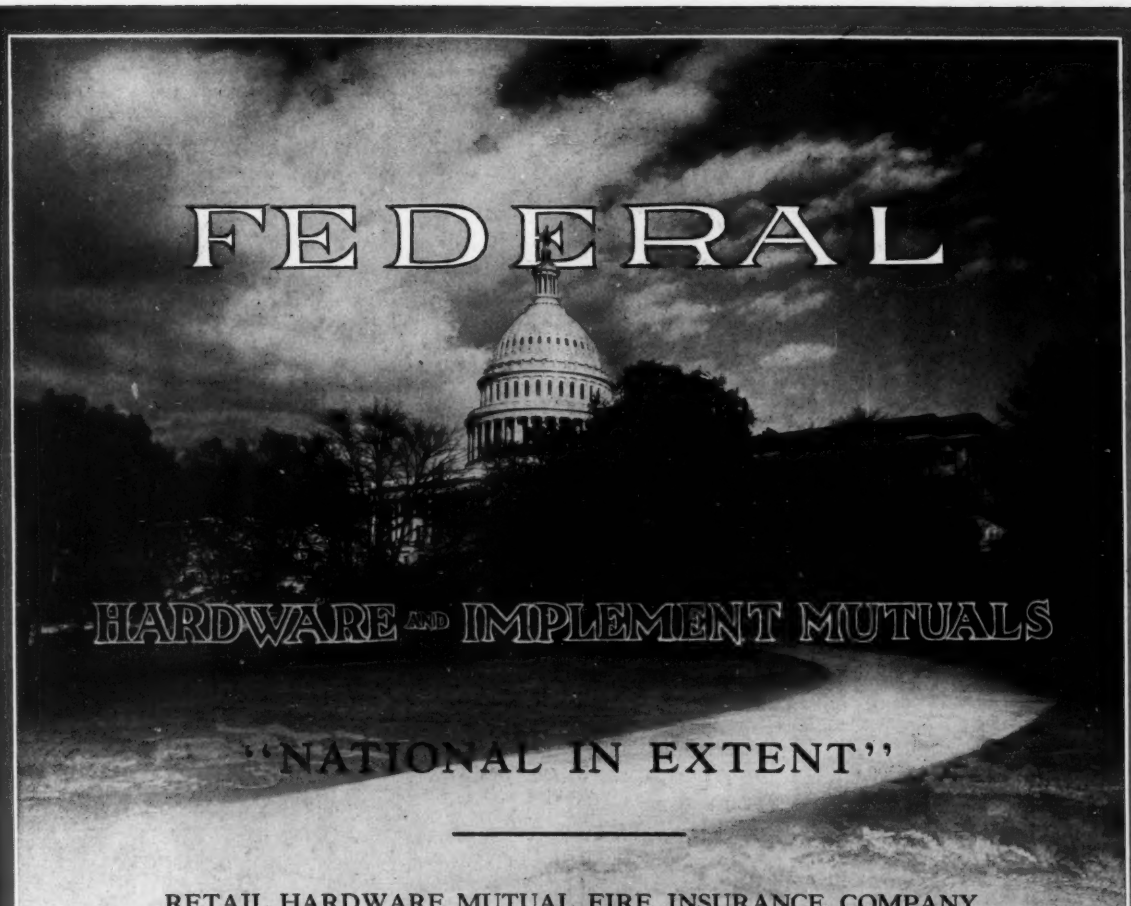
The membership is open to all who drive — the qualifications are simple but inflexible: To be a member one must drive his or her automobile intelligently, carefully, and expertly.

"Smart" drivers, who are proficient in executing dangerous stunts, taking long chances, subjecting others to possibility of injury or death, are not eligible. Only *good* drivers are accepted.

No pins or insignia are needed to designate members. Everyone recognizes them by their skill at the wheel. Their driving skill is augmented by their manly and womanly consideration for others—true badge of nobility.

Mr. Good Driver is a life member — his dues paid in full in carefulness, courtesy, and ability to handle his car.

HARDWARE MUTUAL CASUALTY COMPANY
Stevens Point, Wisconsin



RETAIL HARDWARE MUTUAL FIRE INSURANCE COMPANY
Minneapolis, Minn.

MINNESOTA IMPLEMENT MUTUAL FIRE INSURANCE COMPANY
Owatonna, Minn.

HARDWARE DEALERS MUTUAL FIRE INSURANCE COMPANY
Stevens Point, Wis.

BRANCHES:

Newark, N. J. Atlanta, Ga. San Francisco, Cal. Dallas, Tex.
Winnipeg, Man.

Combined Assets . $7,373,350.25
Combined Liabilities 4,949,878.08
Combined Surplus . 2,423,472.17

Dividends to Policy-Holders Since Organization . $16,473,629.97

THE ACME OF PROTECTION

"Our Claim Service Follows Your Car:" Every colored star represents a Lumbermens Mutual Casualty Company office, every colored dot an additional claim service representative. Get an "L-M-C" policy and take this with you when touring.

LUMBERMENS MUTUAL CASUALTY COMPANY— JAMES S. KEMPER, President — **Home Office: Pantheon Building, Chicago, U. S. A.**

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